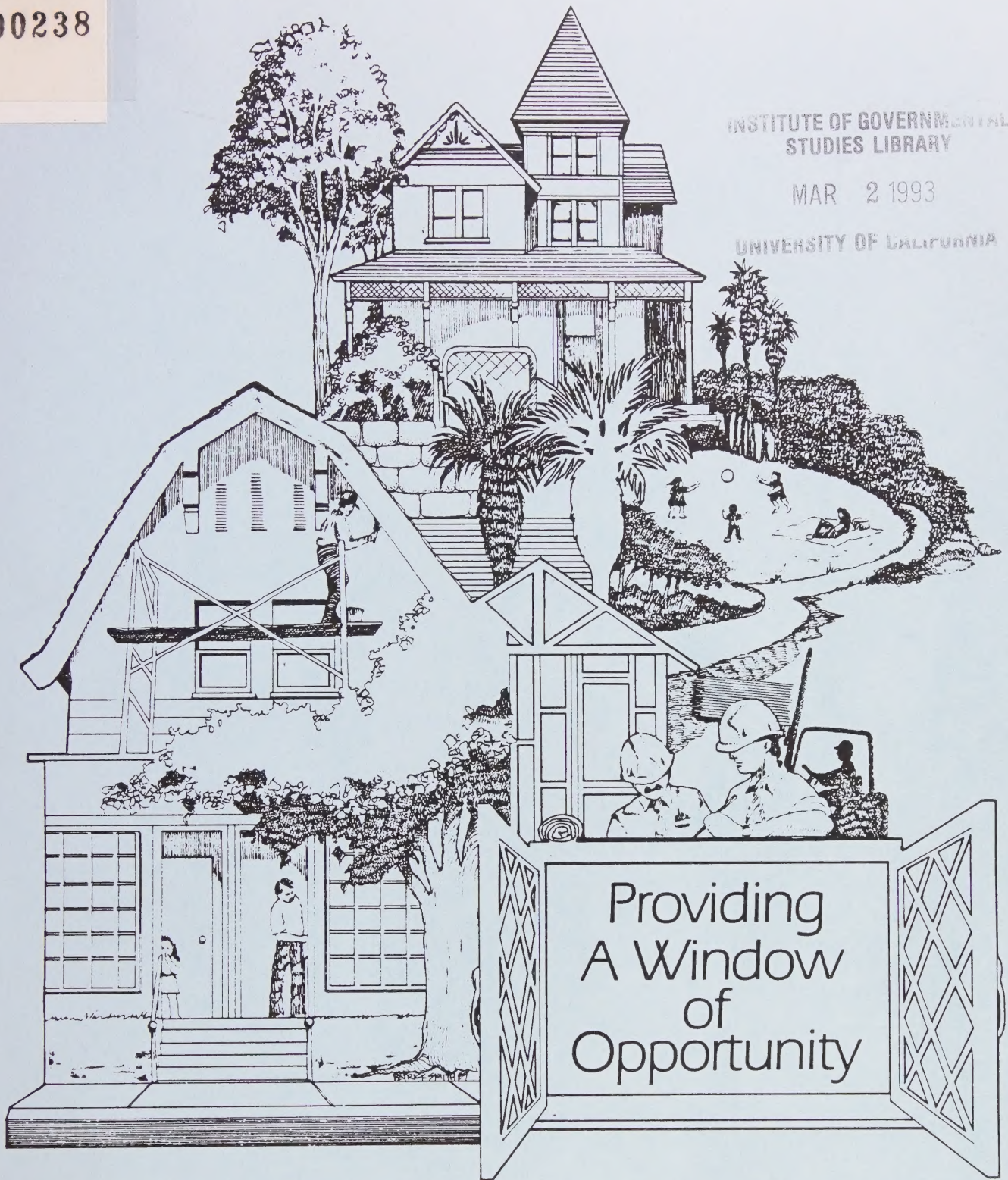


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HOUSING ELEMENT TO THE GENERAL PLAN 1989

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CITY OF ANAHEIM


HOUSING ELEMENT 1989

(GPA No. 260)

As Amended October 2, 1990

(GPA No. 313)

*(as amended June 1992 - see
Appendix D)*



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INTRODUCTION

The provision and preservation of decent, affordable housing is one of the more pressing issues facing Anaheim, and one which raises implications that extend far beyond the borders of the city. Most notably, the overall demand for housing within the region exceeds supply, and as a result home values and rents are rising at a faster rate than incomes. Persons and families wishing to move into the Anaheim area are having an increasingly difficult time finding reasonably priced housing, particularly near their places of employment. This imbalance has critical implications for the city: on one hand, Anaheim's service-oriented economy continues to generate demand for low and moderate income housing, while on the other, housing costs continue to be driven upward by high demand, a declining supply of developable land, and the transfer of community infrastructure cost to newly constructed housing.

While Anaheim alone cannot expect to solve the region's housing problems, the City has and can continue to play an important role by addressing the housing needs that currently exist within its jurisdiction, and by planning for the provision of additional housing to meet future demand. Housing, however, is a local issue that requires special attention. The character of the city's housing stock, for example, contributes tremendously to neighborhood quality and identity. Anaheim's regional responsibilities must be addressed with a sensitivity towards local concerns and conditions. The City's primary vehicle for doing so is the Housing Element of its General Plan, which identifies Anaheim's housing needs, both existing and projected, and presents a program for addressing these needs. The overall goal of the Anaheim Housing Element can be stated simply: It is the City's intent to ensure that anyone either residing or wishing to reside in Anaheim has the opportunity to find decent, affordable housing in safe, attractive city neighborhoods.

The City of Anaheim has acted to implement this goal and has, in many instances, amended the Land Use Element of the General Plan to accommodate the growing need for additional housing units. During the past several years, in the Hill and Canyon area alone, the City has approved Specific Plans for approximately 5,400 units and nearly 1,000 additional units have been constructed. These approvals have included single-family detached and single-family attached units, condominiums, townhomes, apartments and senior citizen housing in order to meet the variety of housing needs generated by the region.

In the western area of the City, numerous amendments to the Land Use Element were also approved to allow increased density in order to provide additional housing units (primarily rental) to be developed. Despite these efforts, persons and families wishing to move into the Anaheim area are having an increasingly difficult time finding reasonably priced housing, particularly near their places of employment. This problem is, however, a common one throughout the region.

PURPOSE AND COMPONENTS OF THE HOUSING ELEMENT

The California Government Code (Section 60302(c)) requires all cities and counties to prepare a "housing element" as part of their general plan. The fundamental goal of a housing element is to plan for the provision of a wide variety of housing opportunities to meet the needs of all economic segments of the community. The State of California considers the provision of housing to be of such importance that it has explicitly defined the substantive components that each housing element is to contain. Correspondingly, the California Department of Housing and Community Development has been delegated the power to review these elements for compliance with state law.

In accordance with State requirements, the Anaheim Housing Element examines historical demographic and construction trends that affect housing supply and demand within the city; identifies existing housing needs with relation to affordable housing for lower income households, substandard housing, overcrowded housing, and special demographic groups that might not adequately be served by the housing market; presents a projection of the future need for affordable housing; identifies governmental and nongovernmental constraints affecting the provision of housing and its affordability; lists the City's goals and policies regarding the issues noted in the Element; and presents a five-year program to address existing and projected housing needs.

RELATIONSHIP TO OTHER PLANS AND DOCUMENTS

State law requires that housing elements be reviewed every five years and, if necessary, revised to reflect changing conditions. Accordingly, this Element replaces Anaheim's 1984 amended Housing Element, which likewise was an update of the City's 1981 Housing Element. An important function of this revision is to analyze the success of the previous Element in meeting its goals and objectives, and to incorporate any appropriate lessons into the update of both the Housing Element and the City's Housing Strategy, the latter of which serves as the five-year implementation program of the Element. This Housing Element is consistent with the policies and programs presented in the other elements of the Anaheim General Plan.

SUMMARY OF HOUSING ISSUES

The housing-related issues facing the City of Anaheim fall into three general categories: housing and neighborhood preservation; housing affordability; and housing availability. The major findings of the Housing Element with regard to each of these categories are summarized below.

Housing and neighborhood quality. The quality of Anaheim's housing and neighborhoods depends upon both protecting existing housing areas and guiding the siting, design, and maintenance of new housing construction. Preserving residential neighborhoods and the existing housing stock helps maintain the availability of modestly priced housing opportunities. Central and west Anaheim, particularly, contain neighborhoods of older, smaller homes that are ideal for the first-time homebuyer. These neighborhoods, however, are threatened with encroachment by incompatible uses (most frequently higher-density housing), and, given their age, the homes themselves are increasingly subject to physical deterioration. The City's intent is to maintain and protect housing and residential neighborhoods from the negative impacts of noise, traffic congestion, and other objectionable influences and activities. It is also the City's intent that new construction will be of a standard sufficient to assure liveability, durability and neighborhood enhancement, and be compatible with surrounding land uses.

During the past several years the City has adopted a Specific Plan Ordinance to allow flexibility of housing types within new developments and required Public Facilities Plans to ensure that adequate public services and amenities (i.e. fire and police stations, parks, schools, riding and hiking trails, etc.) are available to the neighborhoods. In addition, the Zoning Ordinance has been amended to increase required recreation/open space areas.

Housing Affordability. A critical housing need is the maintenance and construction of affordable housing units for all economic groups of the community. The City of Anaheim maintains a diverse housing stock in terms of cost and type ranging from housing to serve very low income families to housing for executives in Orange County. While the City currently provides housing opportunities for many low and very low income families, in 1988, it was determined that nearly 20 percent of Anaheim's resident households had low or very low incomes and were overpaying for housing. Housing affordability is expected to worsen given that, within the region, home prices are escalating more rapidly than incomes—a phenomenon that affects everyone searching for a house.

Housing needs are especially important for those segments of the population that have special needs and/or limited income. These groups include the elderly, the disabled, households headed by single parents, large families (those with five or more members), and the homeless. To ensure that a City or County provides its "fair share" of the regional housing need, State law requires each local Council of Government (COG) to determine the total need for housing within its area of jurisdiction and to establish the number of units that each jurisdiction should provide. The Southern California Association of Governments has established a target of 8,232 dwelling units as Anaheim's fair share of regional housing need for the period 1989 through 1994. However, over 57 percent of this total projection of need is to serve those of moderate or above moderate incomes. Many of these housing units have been approved and are scheduled for construction during the next several years.

Housing Availability. Anaheim is fortunate in having a diversity of housing which helps meet the needs of all income segments. The housing stock is almost evenly split between single family and multi-family housing and the City has aggressively promoted affordable housing. Future housing availability will depend upon the City continuing its proactive approach, thereby increasing the supply and diversity of housing found within the city. During 1988 and 1989, the City approved projects involving the development of three new communities comprising of nearly 5,400 new housing units in the Hill and Canyon area, as well as many infill projects in western Anaheim. This increase in supply, as well as future additional units, will reduce market pressures to increase the sales prices and rents of existing units.

New housing does not necessarily have to be built in existing residential areas; development opportunities also exist on underutilized parcels and on parcels designated for nonresidential uses. The City should continue to address the problems of housing availability by re-examining the use of properties other than those specifically designated for residential uses, increasing density on underutilized properties where appropriate and by approving a variety of housing types and mixes through its Specific Plan Ordinance and other creative mechanisms to help ensure that no segment of the population will be excluded from Anaheim.

REVIEW OF IMPLEMENTATION OF PREVIOUS ELEMENT

The City has established a firm foundation upon which to carry out future housing improvements. The City's housing stock is more diverse than any city in Orange County, both in terms of housing type and cost, ranging from executive homes on large lots which provide some of the most desirable housing in the County to rental units for very low income residents. The housing stock is almost evenly distributed between single family and multi-family units and there is a similar distribution for owner-occupied and rental units. The City's single-family and multi-family neighborhoods also provide a broad range of housing and neighborhood choices and opportunities for first-time home buyers and moderate-income households to find suitable housing.

A review of the City since 1984 demonstrates the City's commitment to housing quality, affordability and availability. In 1984, the City adopted the Update to the Housing Element, followed by a specific Housing Strategy in 1985. The Element and Strategy provided a set of recommendations to enable the City to meet the pressing needs for affordable housing, and to develop institutional capacity to address the future demand for all types of housing.

Since that time great strides have been taken throughout the City to provide housing that meets the needs of a variety of incomes and lifestyles of the region. During the past several years, nearly 6,400 units have been approved in the Hill and Canyon areas of the City (945 dwelling units have been constructed in the East Hills Community and approximately 5,400 units have been approved and/or are now under construction in the Highlands at Anaheim Hills, the Summit of Anaheim Hills and Sycamore Canyon communities). The new units in the Hill and Canyon Area consist not only of the traditional single-family detached units but also of paired homes, townhomes, higher density condominiums, rental units and senior housing.

Although these units will primarily serve those of above-moderate incomes, the City has also increased its ability to provide affordable housing.

Prior to 1984, the Housing Authority and Community Development Department were very experienced in operating traditional programs such as property rehabilitation for homeowners and investors, Section 8 and 202 new construction, and Section 8 rental subsidies. The City's relationships with traditional affordable housing constituencies, including local nonprofit and citizen groups, was positive. The City's financial resource base to address needs was principally dependent on federal and state funding. The City (through its housing programs) desired to expand its relationship with lenders and developers, establish and utilize new local resources efficiently, address the new housing stock demand of all income groups (not just the traditional HUD constituencies, or those individuals who could afford to access the market rate product of choice), and continue the effective operation of HUD and state-funded efforts.

In the past four years, the City, its Housing Authority and Redevelopment Agency, have made significant strides in developing and expanding directions and programs. It has now, for instance, one of the most successful Senior Ordinance and Density Bonus Programs in the State and has Community Development and Planning staff with experience in implementing a wide range of innovative programs which have leveraged public monies to boost housing production. This has resulted in the approval of 377 affordable homeowner units; 639 affordable elderly units occupied by households at or below 50% of median income adjusted for household size for 30 years, and 335 affordable family units which are occupied by households at or below 80% of median income, at rents based on 30% of 65% of median income, adjusted for household size for 15 years.

Additionally, the City has financed through the use of tax exempt bonds, 3 senior projects totalling 396 units, one convalescent hospital with 138 beds, one project consisting of 130 family units and one acquisition and rehabilitation project with 394 family units.

The City, working with its Housing Authority, has developed 20 units of infill new construction to remove blight and to provide homeownership opportunities for lower income households. Furthermore, although available land is scarce in the western section of Anaheim (Planning Area A), between 1984 and 1988 publicly-owned land was purchased for the development of new mixed income and affordable rental housing for 465 elderly units of which 188 are set aside for very low income tenants at 30% of 50% of the County median income for 30 years; and 40 units for the handicapped, all of which are for very low income residents.

Currently in negotiation on City owned land are another approximately 200 units of family housing, 25% of which will be set aside for very low income tenants at 30% of 50% of County median income for 30 years, with continued affordability after the 30 years for very low income tenants in residence in the thirtieth year.

Finally, the City has cooperated with local public benefit, non-profit organizations to develop the capacity to serve as developers and owners of special needs housing which has resulted in housing for 12 homeless families.

In summary, during the past four years, the City, its Housing Authority and Redevelopment Agency, have made significant strides in developing and expanding directions and programs. Through the initiation and implementation of many prototype programs, the City has addressed specific and pressing housing needs in the following ways:

- I. Built internal organizational capacity and experience to quickly respond to diverse needs;

- ii. Creatively leveraged local resources not based on general fund revenues including: a) regulatory initiatives such as the density bonus program and the senior housing ordinance, which facilitated the development of 1351 new units, b) developed publicly-owned land sites for low and mixed income housing with compensation to the public agency, and c) utilized unique revenues, such as the bedroom tax rebate for homeless shelter providers;
- iii. Created models for successful leveraging of private sector resources through tax exempt bonds including issuance of bonds for six projects totalling over 1000 units from 1985 to 1988, as well as attractive conventional financing;
- iv. Learned to evaluate and select the appropriate City role for each effort ranging from catalyst and regulator, to second mortgage lender, facilitator and occasionally public developer, as in the case of homeownership for lower income households (Patt Street);
- v. Limited City economic risk/investment while stimulating private investment and reinvestment;
- vi. Helped local public benefit nonprofits develop the capacity to serve as developers and owners of special needs housing such as the homeless (Anaheim Interfaith Shelter, a 12-unit transitional family housing project);
- vii. Coordinated with the Orange County Social Services Agency to provide emergency shelters for the homeless. During the winter of 1988/89, County and City of Anaheim employees voluntarily provided over 1,822 hours of site management and other services to serve over 2,526 homeless persons, at a shelter in the adjacent City of Fullerton which was open for 28 nights. The City intends to continue these efforts;
- viii. Provided 100 units for the homeless or potentially homeless as the result of being one of only 3 cities across the nation to receive a special allocation of Section 8 Certificates;
- ix. Created an alternative housing resource through the operation of a Shared Housing Program by matching the needs of 800 individuals which helped to prevent homelessness;
- x. Provided 40 units for the handicapped (all for very low income residents) and adopted a new Zoning Ordinance requiring all multiple dwelling units to provide handicapped accessibility.

- xi. Designed sophisticated methods for optioning land and selective use of eminent domain to facilitate and preserve affordable housing development;
- xii. Developed the flexibility necessary to address changing market directions and new resources;
- xiii. Rezoned older residential areas to help safeguard affordable single family units; and
- xiv. Undertaken efforts to readjust both General Plan and zoning designations to make these policies and regulations more responsive to the City's housing objectives.
- xv. Adopted the Specific Plan ordinance which established a process wherein new product types have been introduced (i.e., paired housing, etc.) and allows for the creation of zoning standards which respond to the unique characteristics of each community while still providing a high-quality, desirable living environment.
- xvi. Adopted a new ordinance which allows condominiums to be constructed at a higher density than was previously permitted, in order to provide additional opportunities for home ownership.

In general, the greatest success has been achieved where development or redevelopment has been focused on neighborhoods, and has utilized private sector resources in cooperation with public support. New projects which have been initiated by the City have been compatible with the overall character of the area. In the future the need to build on these experiences through the development of individual neighborhood strategies would be appropriate. There are opportunities: a) in older single family neighborhoods for proactive revitalization efforts for existing single and multi-family housing, and b) for constructing new mixed income multi-family housing in designated areas contiguous to commercial, industrial and other multi-family housing. To do this may require:

- i. Continuing City cooperation with proactive neighborhood groups,
- ii. Creating a new/modified role for the Housing Commission and citizen groups,
- iii. Adding internal staff and program linkages between Redevelopment, Community Development and Planning Departments,
- iv. Focusing of program resources in targeted areas,

v. Marketing of successes and new programs, and

vi. Continuing to emphasize building models and efficient use of resources.

A more detailed description of activities in each program category identified in the 1984 Element update may be found in Appendix A.

HOUSING MARKET OVERVIEW

POPULATION AND HOUSEHOLD TRENDS

Between 1980 and 1987 the number of persons residing in Anaheim increased by more than 31,000, raising the city's total population from approximately 211,700 at the beginning of the decade to an estimated 243,000 by the end of 1987. The average increase per year, 4,300 persons, was virtually equivalent to that experienced between 1970 and 1980, when Anaheim's population grew at an annual average rate of 4,500 persons. This represents a considerable slowing in the rate of growth that occurred during the '50s and '60s, when the city's population increased at average annual rates of 8,960 persons and 6,250 persons, respectively.

The total demand for housing units within a community is driven primarily by growth in the number of households. Over the last several decades the number of households in Anaheim has increased at a faster rate than has the City's overall population. For example, between 1970 and 1980 the number of households in Anaheim increased at a rate of approximately 3.6 percent per year, whereas the population grew at a rate of 2.4 percent. This difference in growth rates is attributed to a nationwide decline in household size that had begun during the 1960's. Consequently, the average of 2,353 households that annually found housing in Anaheim during the '70s, was virtually equivalent to the experience of the '60s, when an average of 2,347 households moved into the city each year.

During the '80s, however, Anaheim's rate of household growth had declined dramatically relative to earlier decades. Although the data available is not entirely reliable, it indicates that household growth between April 1980 and the end of 1987 averaged only slightly less than 1,200 households per year (approximately 1.4 percent per year). Housing construction within the city has, however, begun to increase over the last several years; as a result, the average annual household growth through the end of the decade is expected to be higher than that experienced during the previous seven years.) In addition, household growth now appears to be keeping pace with population growth, implying that Anaheim's average household size is stabilizing—perhaps even rising—and in turn suggesting that families and/or large households are becoming increasingly important as consumers of housing within the city.

HOUSING TRENDS

Residential development in Anaheim is almost entirely a post-War phenomenon. As Table 1 shows, of the approximately 92,000 dwelling units in place at the end of 1988, 95 percent, or 88,000 units, had been built after 1949, with the bulk of the construction occurring during the 30-year period between 1950 and 1980. At present, the city's housing inventory is divided almost equally between single-family homes (a definition that includes attached single-family) and multi-family housing, with mobile homes constituting only four percent of the total supply. Of the multi-family housing, approximately 77 percent of these units are found in structures consisting of five units or more, while 23 percent are in structures configured for either two, three or four units.

The shares of total supply allocated between the different types of housing have remained relatively stable over the last eight years. Large multi-family structures (i.e., five or more units) have increased only slightly in importance, rising from 33.7 percent of the supply in 1980 to 36.3 percent by the end of 1988. Conversely, the share represented by mobile homes dropped from 5.3 percent to 4.0 percent over the same period, a decline that resulted primarily from a net loss of this type of dwelling unit. In comparison, the loss of share experienced by single-family homes and by small multi-family structures has been less than one percent over the same eight years.

Clearly, residential construction since 1980 has, on average, been nearly evenly split between multi-family and single-family housing and, as the distribution of dwelling units existing in 1980 shows, reflects Anaheim's historical pattern of development. In 1988, a net total of approximately 1,500 multi-family units were added to Anaheim's supply of housing, whereas 177 single-family units were built during the same year (see Table 2). However, in the Hill and Canyon Area, approvals were recently granted allowing for approximately 300 single-family housing units and 2,400 multiple-family/condominium units. A shift toward denser development may occur given the city's limited supply of vacant residential land.

Rental housing constitutes a very important component of Anaheim's housing market. At the beginning of 1989, 49 percent of the city's nonvacant housing units were renter-occupied—hardly surprising given that approximately half of all housing units are in multi-family configurations. At the same time, the overall vacancy rate was 2.4 percent, which is considered low inasmuch as the preferred rates are five percent for rental housing and two percent for ownership units. A low vacancy rate can impede the ability of households to find homes, and can create pressure to raise rents and sales prices at rates higher than the rate of inflation.

TABLE 1: Housing Construction Trends City of Anaheim Through 1988

	Total Units <u>Built</u>	% Of <u>Grand Total</u>
1980-1988	9,478	10.3%
1970-1979	28,294	30.7
1960-1969	26,678	28.9
1950-1959	22,645	24.6
1940-1949	2,482	2.7
1939 or earlier	<u>2,620</u>	<u>2.8</u>
Grand Total	92,197	100.0%

Source: California Department of Finance, Population Research Unit; U.S. Department of Commerce, Census Bureau; Sedway Cooke Associates.

ANAHEIM HOUSING STATUS

- o Current Housing Stock - 92,000 units
 - 51% owner occupied
 - 49% renter occupied

- o Housing Type
 - Single family structure - 45,100 units
 - 2-4 units/structure - 9,700 units
 - 5 plus units/structure - 33,200 units
 - Mobile homes - 3,600 units

- o 2.4% of Units Vacant – Increased in 1988

- o Housing Construction
 - 1980-1988 – +8,000 units
 - 1988 (SF - 120, MF 1,600)

NAHEIM HOUSING STATUS

Overpayment for Lower Income Households
17,500 Households or 20% of City's Households

Substandard - 15,000 Units of Which 700 Require
Displacement (through street widening projects,
redevelopment projects, rehabilitation, and
street realignment projects)

Overcrowding - 4,300 Multi-Family Units as determined
by the Housing Assistance Plan and City Code Enforcement

Homeless 3,000 Households as determined by a 1987 study by
Human Services Network and Christian Temporary Housing.
This number represents the number of persons or family units
unable to secure temporary or permanent housing on any given
day.

Housing Cost (Rental)

<u>BR</u>	<u>CITY AVG.</u>	<u>HUD FAIRMARKET VALUE - 1989 (INCLUDES UTILITIES)</u>
1	\$610	\$ 671
2	740	790
3	822	987
4	1,200	1,106

Projected Need by SCAG July 89 - July 94

Very Low	1,490	43%
Low	2,055	
Moderate	1,834	57%
Upper	2,865	
Total	8,200 Units	

TABLE 2: Housing Units Gained Per Year, City of Anaheim 1980-1988

	<u>Single Family</u>		<u>Multiple Family</u>					
	<u>Detached Units</u>	<u>Attached Units</u>	<u>2, 3 or 4-Plex</u>		<u>5 or More Units</u>		<u>Total Added</u>	
			<u>Structures</u>	<u>Units</u>	<u>Structures</u>	<u>Units</u>	<u>Structures</u>	<u>Units</u>
1980	73	30	9	32	11	179	104	314
1981	243	502	30	107	18	163	421	1,015
1982	19	169	25	79	40	(-320)	39	(-53)
1983	119	239	24	82	54	606	260	1,048
1984	397	258	5	11	50	560	550	1,224
1985	417	2	31	103	46	416	496	938
1986	281	13	32	111	60	753	384	1,158
1987	13	332	13	38	66	1,161	424	1,544
1988	107	70	2	6	83	1,538	262	1,721

NOTE: The number of units gained per year is net of demolitions.

Source: City of Anaheim Planning Department; Sedway Cooke Associates

As a result of new construction, however, Anaheim's vacancy rate has been rising over the last several years, after having reached a low of 1.2 percent in 1984. In 1988, for example, building permits were issued for a total of approximately 1,800 new housing units. In comparison, between 1980 through 1987 the average number of permits issued per year was 1,070—40 percent less than the 1988 experience. Yet, despite this favorable trend, rates of construction within Anaheim were considerably higher during previous decades. Although the vacancy rate has increased, the demand for housing still exceeds the supply; consequently, a large number of households, particularly lower income households, are overpaying for shelter.

ASSESSMENT OF HOUSING NEED

Housing need is created when certain segments of the local population are (or will be) inadequately served by the housing market, particularly with regard to affordability and housing quality. The analysis of housing need is therefore critical for defining the severity of a locality's housing problems, and for developing a housing strategy that effectively targets City-directed policies and programs.

As a planning tool, the Housing Element must not only address the housing need of Anaheim's existing residents, but must also address the housing need that is expected to occur over the Element's five-year time frame. Analyses of both types of need are presented below, and their respective findings are summarized in Table 3.

EXISTING HOUSING NEED

Existing housing need is measured in terms of a) the number of lower income households overpaying for housing, b) the number of units that are overcrowded, and c) the condition of the housing stock as defined by the number of units needing rehabilitation or replacement.

The Existing Need for Lower Income Affordable Housing

The California Department of Housing and Community Development (HCD) considers a household to be in need of housing assistance if its income is 80 percent or less than the county median and if it pays an inordinate share of this income (defined as more than 30 percent) towards either rent or a mortgage payment. The Southern California Association of Governments (SCAG) has determined the number of households in Anaheim that fall into this classification as of the beginning of 1988, and has categorized them in terms of income level. Very-low income households are those whose incomes are less than 50 percent of the county median, and low income households are those whose incomes fall between 50 percent and 80 percent of the same median. Both categories, when combined, constitute the "lower income" classification, and represent those households least able to overpay for shelter.

TABLE 3: Summary of Anaheim Housing Need Assessment

	<u>Owner</u>	<u>Renter</u>	<u>Total</u>
A. EXISTING HOUSING NEED			
Lower-income households (80% or less of median) overpaying for housing	2,420	15,108	17,528
Percent of total households in Anaheim	5.3%	34.4%	19.5%
<u>Households with Special Housing Needs</u>			
Handicapped			3,678
Elderly (lower-income and overpaying for housing)			2,922
Large families			10,700
Families with a single parent			6,400
Families with female head of household as single parent			5,300
Families with female head of Household as single parent, at or below poverty level			3,800
The homeless			3,000
Number of overcrowded housing units			4,300
Number of housing units needing rehabilitation			14,300
Number of housing units needing replacement			700
B. PROJECTED HOUSING NEED (1989-1994)			
<u>Income Category</u>			<u>Units to Build</u>
Very low (up to 50% of median income)			1,489
Low (50%-80%)			2,044
Moderate (80%-120%)			1,834
Above moderate (over 120%)			<u>2,865</u>
Total Units			8,232

Sources: City of Anaheim Housing Assistance Plan, 1988-1991; Southern California Association of Governments, Regional Housing Needs Allocation, 1989-1994; Sedway Cooke Associates.

According to the Regional Housing Needs Assessment (RHNA) prepared by SCAG, of the 88,003 households residing in Anaheim at the beginning of 1988, 44.6 percent (approximately 39,200 households) were considered to be lower income households, and of these, 44.7 percent (approximately 17,500 households) were estimated to be paying more than 25 percent of their incomes for shelter. Or, stated differently, nearly 20 percent of all households in Anaheim are lower income households that are overpaying for housing.

More than 85 percent of the lower income households overpaying for housing, based on the Federal Department of Housing and Urban Development (HUD) criteria, in Anaheim are renters, and the majority of these (approximately 62 percent) have very low incomes. Conversely, only six percent of all lower income households both own their homes and overpay for housing. Given the ability-to-pay criteria used by financial institutions when approving home loans, these latter households (numbering approximately 2,400) are probably those that have suffered a recent loss of income, such as can occur when the head of household retires or otherwise becomes unemployed. It should be noted that many households in the region, regardless of income level, pay in excess of 30% of their income toward housing.

Housing Stock Conditions

According to City Building Division personnel, nearly 15,000 housing units do not meet the requirements of the local building code and are thus considered to be of substandard quality. Although City staff indicates that most of these units can economically be rehabilitated, approximately 700 are thought to be in such poor condition that they must be torn down and replaced. Approximately 7,000 of the units suitable for rehabilitation (46.6 percent of all substandard units) are occupied by lower income households, of which approximately 1,700 are owner-occupants, and 5,300 are renters. A large number of these units are clustered in six neighborhoods (see Figure 1). City staff estimates that 314 of all substandard units are vacant.

Overcrowding

Overcrowding is defined as occurring when a dwelling unit has more than 1.01 persons per room (excluding bathrooms, halls, foyers, porches and half-rooms), and is generally indicative of a failure in the housing market that prevents some households from finding shelter that is both affordable and of an adequate size. Code enforcement personnel with the City of Anaheim indicate that approximately 4,300 multi-family units are currently overcrowded. These incidences of overcrowding tend to coincide with the multiple-housing areas with serious deterioration problems (see Figure 1). Although the City has not yet developed the

data needed to ascertain the extent to which single-family units are overcrowded, there is no reason not to believe that these units—and in particular, single-family rental units—are immune from overcrowding.

Special Housing Needs

The California Department of Housing and Community Development requires that all housing elements identify the size of certain specific population groups that might not be adequately served by the housing market. These groups include the handicapped, the elderly, large families, households headed by a single parent, farmworkers, the homeless, and any special groups that might otherwise be found in a city such as Anaheim (e.g., college students, refugees). These needs are detailed below.

Physically Disabled and Handicapped Households. Disabled and handicapped individual need homes that are conveniently located relative to services and which contain certain design features to enhance livability. In addition, these individuals are often unable to find full and secure employment; households headed by a disabled or handicapped member are sometimes found to have incomes lower than the county median. The City of Anaheim Housing Assistance Plan for 1988-1991 indicates that, as of early 1988, 3,678 households with one or more disabled members resided within the city. Approximately 67 percent of these households, or 2,453, were estimated to have incomes less than 80 percent of the county median.

Another source of data concerning disabled households is collected by the Social Security Administration. Their most recent tabulations indicate that, in June 1985, 2,209 persons in Anaheim were receiving disability payments through the Administration's "Earned Right" program. These payments have no restrictions in terms of the income of the recipients. In addition, data tabulated in June 1986 indicates that, at that time, 2,206 disabled households and 128 blind households received Supplemental Security Income. Unlike the Social Security beneficiaries in the "Earned Right" program, these payments are based on consideration of income and resources, and are restricted to persons having a 1988 income not greater than \$602 per month (including other forms of income assistance) and not more than \$2,000 in liquid assets. Nearly 1,200 of the persons receiving Supplemental Security Income also receive social security benefits.

Elderly Households. The 1980 Census indicated that approximately 8.5 percent of Anaheim's residents were 65 years of age or older, and that of the 79,749 households residing in the city at that time, 21.7 percent (17,309 households) had one or more member aged 60 and above.

Data collected by the Social Security Administration provides an additional measure both of the number of elderly persons in Anaheim and the number of these persons with extremely low incomes. Social Security tabulations indicate that, in June 1985, 16,320 persons aged 62 and above received "Earned Right" payments, and that 3,097 widows aged 60 and above received "Earned Right" payments. In addition,

tabulations for June 1986 indicated that 1,646 persons aged 65 and above were receiving benefits under both the "Earned Rights" program and under the Supplemental Security Income program. Under the criteria of the latter program, the total income of the recipients cannot exceed \$602 (including other forms of income assistance), and they cannot have more than \$2,000 in liquid assets.

With regard to the overall magnitude of elderly rental assistance requirements, the City's 1988-1991 Housing Assistance Plan estimates that as of early 1988, Anaheim had 2,922 lower income elderly households that were paying more than 30 percent of their income for housing.

Large Families. In 1980, approximately 12.2 percent of Anaheim's households had five or more persons. Assuming this percentage holds into 1988, then approximately 10,700 households would consist of large families. The City's 1988-1991 Housing Assistance Plan, certified by HUD, indicates that 2,487 households can be identified as lower income large families in need of rental assistance. These families are also the likeliest to experience overcrowding. Housing for large families has been an important need identified in both the City's 1984 Housing Element and in the 1985 Housing Strategy. Over the last five years 40 rental units were built that were affordable to lower-income families that needed apartments of three or more bedrooms. In addition, the Section 8 Program provides rent subsidies for 553 large families. The City will continue to strive to enhance the number of units available for large families.

Single-Parent Households. The 1980 Census indicated that approximately 5,828 households in Anaheim were single-parent households (equalling 7.3 percent of all households residing in the city at that time). Nearly 4,800 of these households, or 82 percent, were headed by females. Assuming these percentages are still applicable in 1988, then approximately 6,400 households would be headed by a single parent, and nearly 5,300 of these parents would be women of which 3,800 are at or below the poverty level.

The Homeless. Using a 1987 survey conducted among 34 human service agencies serving Anaheim, the Housing Assistance Plan estimates that, in 1988, the local homeless population totaled approximately 3,000 head of households. This estimate should be considered an order-of-magnitude only, however, as the extreme mobility of the homeless population makes an accurate count of their numbers almost impossible.

Other Special Groups. Two other groups that sometimes need housing assistance are college students (within two miles of Anaheim's northern city limit are the California State University Fullerton, Fullerton College, and the Southern California School of Optometry), and farmworkers (parcels along the Southern California Edison rights-of-way and others scattered throughout the city are currently under cultivation). Reasonable estimates of the number of households belonging to either group and residing in Anaheim are not currently available. These groups, however, are not expected to constitute a significant percentage of the total households needing housing assistance. For example, employment data from the California

Employment Development Department shows that in January 1984, only 761 persons were employed in agricultural activities within Anaheim. Likewise, conversations with administrative personnel at CSU Fullerton indicate that their students tend to live either within that city, or nearby in Placentia and Brea.

FUTURE HOUSING NEED

The demand for housing within a particular city is often influenced by factors beyond its borders, such as the creation of new jobs in other nearby cities. Projections of housing need must therefore be developed using a regional orientation that relates the extent and location(s) of expected employment growth to, among other things, regional transportation patterns and to the locations of areas suitable for residential development.

SCAG projects future housing need on a regional basis, and as part of its modelling process allocates this need to the cities and the unincorporated area according to criteria prescribed by state law. The SCAG projections also disaggregate future need by income category. State law requires that each of SCAG's member jurisdictions use these projections when identifying future housing need in the housing elements of their respective general plans.

New Housing Units: July 1989 through July 1994

SCAG's Regional Housing Needs Assessment (RHNA) presents, for the period July 1989 through July 1994, a projection of the number of housing units that would have to be built within Anaheim to accommodate the population growth expected to occur within the city. As noted above, this projection of need reflects future patterns of land use and employment within the region, and is also adjusted to account for the number of units needed to maintain desirable vacancy rates and income distributions, and to compensate for expected demolitions.

The RHNA indicates that over the projection period, Anaheim will need to have 8,232 housing units constructed in order to satisfy anticipated demand among all income groups. Of this total, 1,489 units should have prices affordable to very low income households; 2,044 units should be affordable to low income households; and 1,834 units should be affordable to moderate income households (i.e., those with incomes between 80 percent and 120 percent of the county median). The remaining housing units, totaling 2,865, should be affordable to upper income households. However, over 57 percent of the overall need (those targeted for moderate and upper income households) is expected to be met through recent City approvals of specific plans for three communities in the Hill and Canyon Area.

In all, 43 percent of the housing units projected to be needed between 1989 and 1994 should be targeted for lower income households (consisting of the very low income and low income categories), and 57 percent should be targeted for higher income households (consisting of the moderate income and upper income categories).

Over the five-year planning period the City may also lose 136 units that were built through the density bonus program. Nearly all of these units are condominiums that were intended to be affordable to households with moderate incomes. Previously, affordability restrictions were set for only five years, and once they expired there was little incentive for the owners to resell their units to other moderate-income households. Recently, the City has adopted a policy requiring 20-year affordability for owner occupied units and 30-year affordability for rental units.

New Housing Units: January 1988 through July 1989

SCAG's Existing Needs analysis presented earlier in this chapter is for January 1st, 1988, and SCAG's projection of future need (on the section immediately above) is for a five-year period beginning on July 1st, 1989. The intervening 18 months—running from January 1st, 1988, through June 30th, 1989—is defined by SCAG as the "gap" period, and does not formally fall within either of the State-required periods of analysis. SCAG, however, has estimated that Anaheim will need to have 2,041 homes added to the city's housing supply in order to meet the incremental need for shelter expected to occur during this "gap." Building permit data indicates that the City should achieve this goal prior to July 1, 1989.

New Housing Units: Replacement for Demolitions

SCAG expects that between July 1989 and July 1994 a total of 458 housing units will need to be built in Anaheim in order to replace units that are demolished during the projection period; this number has been incorporated into the Future Needs analysis. The SCAG projection, however, excludes demolitions expected to occur as a result of public works and redevelopment projects. City staff estimates that over the next five years as many as 700 homes may be torn down for this purpose. Thus, the total replacement need is approximately 1,158 units.

Job Growth and Housing Affordability

The model used by SCAG to project 1989-1994 housing needs intrinsically included the relationships between job growth, housing location and commute patterns. The RHNA, however, did not make explicit either the types of jobs expected to locate in Anaheim during the projection period, nor the probable income levels of the employees attracted to those jobs. Therefore, while the RHNA is useful for quantifying the level of housing need expected to occur within a city, it lacks the detail that is needed to help local decision makers understand the severity of the affordability problem. This section, then, examines the relationship between the incomes of typical workers that will seek to live in Anaheim and the amount of income that they can reasonably afford to pay for housing.

The most recent employment estimates available for Anaheim indicate that between July 1980 and January 1984 the sectors with the largest absolute employment growth were services, which increased by 3,516 workers, and retail trade, which increased by 2,643 workers. These are also the sectors which grew the fastest in terms of percentage increase during the period of analysis. Although precise disaggregations within each sector are not available, development patterns within Anaheim suggest that a significant percentage of new service employment has been within the amusement park and lodging industries, and that many of the new workers in retail trade are employed by restaurants and bars.

The State Department of Economic Development (EDD) expects that growth in the Orange County service and retail sectors will continue to expand for at least the next several years. According to EDD information published in 1988, typical occupations expected to experience job openings in Orange County are restaurant cooks, food service managers, hotel clerks and housekeepers. Table 4 presents EDD's estimates of the monthly wages that workers in these occupations could have expected to receive in 1988. Assuming these

**TABLE 4: Affordable Cost of Housing for Selected Occupations in Growing Employment Sectors,
Orange County, May 1988**

<u>Sector</u>	<u>Occupation</u>	<u>Estimated Monthly Wage*</u>	<u>Monthly Cost of Housing Affordable @ 30% of Wage</u>
Restaurant	Manager, Food Service	\$1,100-2,850	\$330-855
Restaurant	Cook	\$860-2,600	\$260-780
Lodging	Hotel Clerk	\$840-1,730	\$252-520
Lodging	Cleaner, House- keeping	\$740-1,440	\$220-285

*Assumes full-time employment at 2,080 hours per year.

Source: State of California Employment Development Department; Sedway Cooke Associates

workers cannot afford to pay more than 30 percent of their monthly incomes for housing, then many of them may not be able to afford housing in Anaheim.

Affordability of Owner-Occupied Housing

During Federal fiscal year 1988 (the period between the end of September 1987 and the end of September 1988) the median value for owner-occupied housing in Anaheim was \$155,000 for single-family detached homes, and \$110,000 for condominiums. Assuming a prospective homebuyer makes a downpayment equalling 20 percent of the total purchase price, the size of the loans needed to buy the single-family home and the condominium are \$124,000 and \$88,000, respectively.

A lending institution determines whether or not a given household can afford to purchase a home by comparing the anticipated monthly mortgage payment to the household's monthly income. Typically, lending institutions prefer that loan payments be no higher than 30 percent of the household's gross monthly income, although a rate of 33 percent is sometimes used if a lender factors property taxes and insurance premiums into the ability-to-pay equation. For a given mortgage, however, the interest rate applied to the loan determines the size of the monthly payment. The higher the interest rate, the higher the income needed to finance the loan.

Table 5 examines the effect that variations in interest rate have on the affordability of owner-occupied housing. Using FY 1988 as the period of analysis, a household earning \$42,827 could have purchased a home priced at the median if the mortgage interest rate was nine percent. If the interest rate was four percentage points higher, however, an annual income of \$56,425—a 31 percent increase—would have been needed to afford the same home. Similarly, a household would have needed an annual income of \$30,657 to afford the median priced condominium, assuming the mortgage had been at nine percent. In comparison, a mortgage at 13 percent would have required the household's income to be \$40,307.

Depending upon method of derivation, the median family income in Anaheim during FY 1988 ranged between \$38,670 and \$39,332. A comparison with the affordability requirements shown in Table 5 indicates that an "average" family in Anaheim could not have afforded to buy an "average" detached home unless the interest rate had been uncommonly low. This family, however, could have purchased a condominium, although the interest rate would needed to have been slightly less than 13 percent for the loan to be affordable.

TABLE 5: Income Needed to Purchase Median-Priced Home in Anaheim (During Fiscal Year 1988)

	<u>SF Detached</u>	<u>Condo</u>
Median Home Price	\$155,000	\$110,000
Down Payment (@ 20 percent)	<u>\$31,000</u>	<u>\$22,000</u>
Loan Required	\$124,000	\$88,000
Monthly Mortgage Payment (30-year term)		
@ 9 percent interest	\$998	\$708
@ 11 percent interest	1,181	838
@ 13 percent interest	1,372	973
Taxes and Insurance	\$180	\$135
Total Monthly Payment		
@ 9 percent interest	\$1,178	\$843
@ 11 percent interest	1,361	973
@ 13 percent interest	1,552	1,108
Yearly Income Needed (33 percent of income)		
@ 9 percent interest	\$42,827	\$30,657
@ 11 percent interest	\$49,487	\$35,383
@ 13 percent interest	\$56,425	\$40,307

Source: Anaheim Board of Realtors; Sedway Cooke Associates

A mortgage interest rate of approximately nine percent would have made the median condominium affordable to those families falling at the upper end of the "low income" category (defined as between 50 percent and 80 percent of the median income). In general, though, most lower income families would not have been able to afford to purchase a condominium irrespective of interest rates, and would instead have to satisfy their shelter requirements through the rental housing market.

Affordability of Rental Housing

The median family income in Anaheim in 1989 is estimated at \$40,118 per year. This estimate was arrived at by inflating Anaheim's 1979 census estimate by the rate of consumer price inflation that occurred between year-end 1979 and the first quarter of 1989. Based on this estimate, families with very low incomes would have an annual income of \$20,000 or less, families with low incomes would range from \$20,000 to \$32,100 per year, and families with moderate incomes would range from \$32,100 to \$48,000 per year. Using data collected in early 1989, Table 6 identifies the minimal annual household income required to currently afford rental units in the City.

As the Table illustrates, apartments of the most common sizes in Anaheim (one-, two-, and three-bedroom units) are, on average, easily affordable to families with moderate incomes. Low income families in the upper end of the bracket can likewise generally find affordable rental housing, although in some cases they may be forced to take quarters that are of an inappropriate size for their families. Families with very low incomes—less than 50 percent of the median—are unable to afford the average apartment rents in Anaheim, irrespective of unit size. These families will tend to be priced out of the city's rental market unless they overpay for shelter, double-up with other households, or receive some form of income assistance. As noted previously, a number of the jobs expected to be created in Anaheim over the next several years will tend to pay salaries in the very-low income range. Tables 4 and 6 indicate that only relatively experienced employees in the restaurant industry can reasonably expect to afford rental housing in Anaheim. Less experienced restaurant employees, as well as low- or no-skill employees in hotels, may have difficulty finding affordable housing—particularly if these workers are sole wage-earners that also have families to support.

TABLE 6: Income Needed for Affordable Rental Housing Within the City of Anaheim (First Quarter 1989)

<u>Number of Bedrooms</u>	<u>Average Market Rate Monthly Rent¹</u>	<u>Minimum Annual Income Needed to Pay 30% for Rent</u>
1	\$610	\$24,000
2	\$740	\$29,600
3	\$822	\$32,880

¹ Based on a survey made by City staff in early 1989. The respective sample sizes were 591 one-bedroom units, 499 two-bedroom units, and 140 three-bedroom units.

Source: City of Anaheim Department of Community Development; Sedway Cooke Associates

HOUSING CONSTRAINTS AND RESOURCES

Presented in this section is a discussion of the factors which affect the availability, affordability, and quality of housing in Anaheim. These factors act either to constrain housing production, or to create opportunities for new construction and/or cost reductions. Constraints, furthermore, can be categorized as originating either from the City's regulatory framework (and are defined, therefore, as "governmental constraints"), or from inequities in the housing market (which are defined as "nongovernmental constraints").

GOVERNMENTAL CONSTRAINTS

Local governmental regulations tend to affect the cost of housing by controlling a) the supply of land available for residential development, b) the construction standards defined by the City's building codes, c) the size of the fees and the amount of time needed to obtain development permits, and d) the size and types of exactions and improvements required for specific residential projects. Each of these regulatory factors represents an area in which the City can, if necessary, influence the type(s) and quality of housing produced through the private market. However, the primary influence exerted by the City is through its General Plan and its Zoning Code, which control land use.

General Plan. The purpose of the City's General Plan is to serve as a comprehensive, long-range plan for the development of Anaheim. The General Plan, more precisely, is the City's official position on development and resource management, stated as goals, policies, and implementation strategies—all of which are intended to provide the basis for consistent and equitable decision-making.

The location and density of housing is determined primarily through the policies contained in the General Plan's Land Use Element, which establishes the amount and distribution of various land uses throughout the city. Because in the early 1960's it was thought that the existing single-family neighborhoods would possibly deteriorate, the current Land Use Element encourages the construction of multi-family housing in Anaheim's older residential areas (generally defined as neighborhoods consisting of homes built in the 1920's and 1930's experiencing deterioration). The intention was to stimulate reinvestment in declining neighborhoods and to increase the City's overall supply of housing.

More recently, however, Anaheim's older neighborhoods have been experiencing a renaissance with regard to their desirability. The convenient location of these neighborhoods, their affordability, the attractive appearance and uniqueness of the bungalow architecture and the tree-lined streets have proved appealing for first-time home buyers. This revitalization, though, has in turn led to conflicts between the policies of the existing General Plan and the desires of residents seeking to maintain the prevailing single-family development pattern. Thus, while there is a need to develop multi-family housing, there is also the

need to consider that a significant proportion of this type of development has occurred in older neighborhoods which also provide home-ownership opportunities for young families who might otherwise be excluded from the home-ownership market.

Zoning Code. A review of the City's current zoning code and zoning maps has revealed several areas where either specific standards of the code or the mapping of zones have had the unintended effect of impeding attainment of the City's housing goals. These conflicts between the zoning code and housing goals are identified below. The Five Year Housing Program (presented later in this Element) sets forth the code modifications which should be examined to enhance housing availability and affordability. Figure 2 indicates the areas that are particularly susceptible to the problems caused by conflicts between the Zoning and the General Plan designations in existing single family areas.

1. In accordance with the General Plan, current zoning regulations permit multi-family construction in several older neighborhoods in central Anaheim (i.e. the area generally bounded by La Palma, East Street, Ball Road and West Street) where single family homes are still the prevailing housing type. In these areas, the existing stock of single-family residences are attracting new home buyers, and improvements to single-family homes are widespread. The General Plan, however, designates these areas for medium density (up to 36 dwelling units per acre) development, thus providing an incentive for multi-family development. The result of this incompatibility between the General Plan and/or zoning and the existing single-family housing areas is contributing to the destabilization of these areas and the demolition of affordable and, in some instances, historically valuable residences.

Figure 2
GENERAL PLAN/ZONING CONFLICTS
 (Areas Where General Plan And/Or Zoning Are
 At Variance With Existing Low Density Housing)



2. The quality and liveability of new multi-family units, as well as of adjacent residences, is adversely affected by various zoning provisions. Two conditions contribute to this problem. First, much of the recent multi-family construction has taken place in areas originally platted for and developed with single family homes; lot sizes are consequently small and narrow. The multi-family zoning regulations, however, were designed primarily to regulate construction on large vacant sites and not on small infill parcels interdispersed with single family homes. This has led to a situation in which maximum permitted densities are often only attainable by the granting of variances from code standards including but not limited to setbacks, height, and open space. The result after obtaining variances is occasional multi-family projects incompatible with existing neighborhoods. However, the City has taken steps to address these problems by examining the Zoning Code and designations and made revisions where appropriate.

Second, some of the standards are working at cross-purposes with other provisions. For example, the code's parking standards result in major portions of a multi-family housing site being utilized for parking and vehicular access when developed to the maximum permitted density. Useable open space is minimized and siting and unit design has become more difficult. Restrictions within the RM-1200 Zone can have similar effects in that the two story height limit results in buildings covering the major portions of the site. Reduced distances between facing units and narrow open spaces with limited useability sometimes result.

3. Several of the zoning standards may constrain housing choice. The formula used for the required number of parking spaces, for example, discourages construction of family-serving units of three or more bedrooms. This tends to reinforce already existing market bias against large family units, (i.e., families with five or more members). Under the current formula inclusion of three-bedroom units results in fewer units for sale or rent and therefore, decreases a developer's profit. As is evident from recent housing construction records, most developers will maximize the number of units constructed rather than build three-bedroom units. For example, of the 1,329 publicly-assisted multi-family units built since 1981, only 7.3 percent have been units with three or more bedrooms. Use of a more demanding parking standard can also substantially increase construction costs in medium density projects. Depending upon the density and circumstances, each parking space can cost from \$3,000 to \$10,000 per space.

Other provisions affecting cost include height limits imposed on multi-family construction near single-family zoned areas, and the previously mentioned two-story height limit in the RM-1200 Zone. These height limits make attainment of the designated maximum density difficult and expensive. Other methods of achieving the objective sought by these height restrictions should be examined. However, certain restrictions on height and density are necessary to preserve the integrity of single family neighborhoods.

4. Open space requirements can add to a housing projects' liveability or can add additional costs if the amount of open space required for a project is excessive. There are two issues in Anaheim regarding open space requirements. First, the provision of adequate public open space and recreation area. The second deals with on-site open space. In the former case, the provisions are applied to the east Anaheim area which are governed by specific plans which facilitate retention of open space without loss of density. Consequently, there should be no negative effects on affordability. In the latter case, the provisions are designed to upgrade the usability of required open space and not necessarily require additional open space. Therefore, no negative impact on the affordability of housing is created by the City's open space requirements.

In brief, there is a need to analyze existing code provisions and modify those which have had unintended adverse affects on housing design, availability, and affordability in order to promote quality housing, minimize construction cost, and achieve other City housing and neighborhood objectives.

5. The development of manufactured housing is an affordable alternative to single family housing. The City's zoning ordinance (Title 18 or the Municipal Code) does not restrict the placement of manufactured housing in residential zones, providing the manufactured housing meets all other standards of the residential zone such as set backs, heights, etc. This type of housing is fully permitted under the current residential zones and is in conformance with State law.

Building Code. The City uses the Uniform Building Code (UBC) to set minimum construction standards that apply to all residential structures built in Anaheim. These standards are intended to ensure that housing is safe and habitable, and are founded on broad-based performance principles that make possible the reduction of construction costs through the use of new materials and new construction systems. Reduction of construction costs through the lessening of UBC standards is not recommended given that the resulting changes could harm public health, safety and welfare. The City has adopted a fire sprinkler ordinance which applies to all residential developments. The City feels that the safety to its residents is the most important concern regarding the development of residential dwelling units. The costs associated with providing a sprinkler system for residential units can range from \$.75 to \$1.25 per square foot for one and two unit structures and up to \$3.50 per square foot for highrise residential development. The impact of this cost may have a negative effect on the production of affordable housing.

The City has an active Code Enforcement Division to address building and housing code violations occurring after construction. The City Code Enforcement Division has several procedures to address the situation of abatement in cases of extreme hardship to owner-occupants or tenants due to code enforcement. The procedure includes referring the individual property owner to the City's Neighborhood Preservation office

where assistance through low-interest loans are available to single-family home owners and apartment owners. Additionally, if needed, a referral is made to the City's Community Development Department/Housing Authority which has subsidized housing units available throughout the City for very low-income tenants. In addition, approximately 100 Section 8 Certificates are identified specifically for displaced/homeless individuals.

Fees, Exactions and Improvement Requirements. The City levies a number of fees and exactions on new development, and may also require that, as a condition of approval, fees for on- and/or off-site improvements directly necessitated by the project be provided by a project's sponsor. When the demand for housing is high relative to supply—as is true in Orange County—these costs are usually passed along to the homebuyer or the renter.

The fees charged for planning approvals and construction permits are intended to partially offset the costs incurred by the City during the review and processing of these items. In practice, however, only 50 percent of these costs are recovered presently. Appendix B presents the planning, engineering, and building permit fees levied by the City; none are exorbitant considering that they reflect a portion of labor and overhead costs incurred by the City.

While many of the on- and off-site improvements needed for new development are already in place throughout Anaheim additional infrastructure capacity is sometimes required. The only area where improvement requirements might create an impediment to housing production and affordability is in the Hill and Canyon area of Anaheim, where vacant land often has serious topographical constraints, and where some sites require infrastructure and service improvements. Likewise, assessment fees levied by the City and County tend to be higher in the Hill and Canyon Area than in the flatlands. In general, homes built in the older sections of Anaheim are sometimes not charged for sewer and drainage assessments (although this depends upon the location of a proposed home relative to the City's assessment districts), whereas in the Hill and Canyon Area these fees can be as high as \$10,000 per acre and \$5,000 per acre, respectively.

Processing and Permit Procedures. Permit processing time can affect the cost of housing by increasing the amount of interest paid by the developer holding the land. In general, the time required to process applications is reasonable and well within the limits defined by state law. Under current procedures, for example, the time required to process a Tentative Tract Map (including review by the Planning Commission and City Council) is approximately two to three months. Assuming an Environmental Impact Report is not needed, Zoning Reclassifications and Conditional Use Permits likewise take about two months to process. The review and processing of larger projects necessitating an EIR and/or Specific Plan can take from six months to one year depending upon their complexity and degree of impact to the surrounding community.

Building permits for new construction are usually issued within 20 working days after application by a developer.

Processing delays result when developers seek zoning variances to build to greater densities than what their subject property's classification allows. Processing of these variances can delay construction for up to two to three months, which increases both the developer's carrying costs and the level of risk facing the project. (Risk drives up the cost of a project by requiring that higher returns be generated to attract investment dollars).

NONGOVERNMENTAL CONSTRAINTS

The construction, rehabilitation and maintenance of housing involves a variety of costs that are beyond the direct control of a local government. These costs include those incurred for construction (i.e., labor and materials), for the purchase of land, and for the financing of construction and purchase.

The Cost of Construction. The cost of construction is dependent primarily on the cost of labor and materials. The relative importance of each is a function of the complexity of the construction job and the desired quality of the finished product. The trend over the last several decades has been towards improved efficiency in housing production—largely because the construction of housing usually occurs through a bidding process in which the least expensive contractor is awarded the job. As a result, builders are under constant pressure to complete a job for as low a price as possible while still providing a quality product. This pressure has led (and is leading still) to an emphasis on labor-saving materials and construction techniques.

Within this evolutionary context of cost-reduction, however, the price paid for material and labor at any one time will reflect short-term considerations of supply and demand. In general, construction cost estimators generally expect material prices to rise no more than five percent per year. Correspondingly, future costs are difficult to predict given the cyclical fluctuations in demand and supply that are, in large part, created by fluctuations in the national economy.

For the average home, the cost of labor is generally two to three times the cost of materials, and therefore represents a very important component of the total cost of construction. Most residential construction in Orange County is done with nonunion contractors, and as a result labor costs are responsive to changes in the residential market. The relative ease by which a skilled tradesperson can get a contractor's license is likewise expected to further moderate the pressures that force labor costs to rise.

Land Supply and Cost. The City's land supply is divided into two sectors: the first consisting of the largely builtout area stretching from State College Boulevard to the city's western boundaries, and the second consisting of the area east of State College Boulevard. This latter sector primarily comprises recently constructed housing, industrial properties, and vacant but sometimes topographically constrained land, regulated by approved specific plans.

The built-up condition of Anaheim limits opportunities for achieving the City's housing objectives. As noted earlier, recycling previously developed residential properties for more intensive housing conflicts with safeguarding the city's supply of affordable single family homes and with the stabilization and protection of existing single-family neighborhoods. The sites most suitable for the construction of affordable housing are situated west of State College Boulevard. The land in this area is flat and basically has in place the service infrastructure needed for housing, thereby reducing total potential development costs. Buildable densities, likewise are higher on average in western Anaheim relative to the Hill and Canyon Area of the city; this also contributes to housing affordability. A vacant land inventory completed in February 1989 identified 13 vacant sites in west Anaheim that are of 0.8 acres or more in size and that are designated in the Land Use Element for residential use (see Table 7). These sites, totaling approximately 40.5 acres, when built out could accommodate approximately 929 dwelling units. This is less than one-third the number of units required to meet the projected 5-year need for lower-income housing.

The City has analyzed the availability of financing for Housing Construction and Mortgage financing and has found no lending bias or reluctance of lenders to participate in any area of the City. The City operates loan programs in many areas of the City, often times in conjunction with private lenders and have not experienced a higher interest rate charged in any area of the City by private lenders.

Opportunities for redesignating vacant sites from non-residential to residential use to accommodate the projected housing need are also very limited. As shown in Table 8, the total supply of vacant, non-residential sites of 0.8 or more acres is limited to 12 sites. The total acreage is only 112 acres. Although some of these sites might be used for housing, there is also a need to provide sufficient land to accommodate other land uses.

In addition to the larger vacant sites noted above, 122 smaller sites, zoned for either residential or non-residential use, are scattered throughout West Anaheim. The capacity and suitability of these sites, in particular for multi-family housing, is limited by both their size and by adjoining uses.

The vacant land inventory results thus point to the need to look increasingly to the recycling of already developed but underutilized sites. Two such opportunities exist. The first involves properties developed for single-family housing which have deteriorated and are in transition to multi-family housing or commercial

uses. If properly planned and constructed, these areas can contribute significantly to the city's housing stock. For example, in the Project Alpha Redevelopment Area, the Redevelopment Agency has cleared a 21 acre site, secured a developer, and is now proceeding with finalizing plans for approximately 500 new housing units.

The second opportunity includes properties along portions of the city's major arterials where commercial investment is marginal. Although these properties are currently planned and zoned for non-residential use, construction of housing or a combination of housing and commercial space may be possible at various locations. Such mixed use projects are not currently permitted and would require revision of the zoning ordinance.

The cost of land is another major impediment to production of affordable housing. Land cost are influenced by many variables, including scarcity and developable density (both of which are indirectly controlled through governmental land use regulations), location, unique features, and the availability of public utilities. The cost of residential land in Anaheim reflects both the limited local land supply and the demand-driven rapid appreciation of land cost throughout Orange County. Also contributing to high local land cost are density expectations based on General Plan designations. For example, nearly all of the multi-family rental development in west Anaheim has occurred on parcels zoned or reclassified to RM-1200, which allows a theoretical maximum density of approximately 36 units per acre. The estimated value of these parcels ranges between \$20 to \$25 per square foot of land area, which is the equivalent of approximately \$25,000-\$30,000 per unit. When assemblage of a number of small lots is attempted—as has occurred in the older sections of Anaheim—the price may be driven even higher if one or more property owners hold out for above-market rate prices.

The Cost of Capital. There are two kinds of loans involved in the development of housing. The first type of loan is the construction loan, which is used by a developer to finance the building of a project. Because of its short-term nature, a construction loan is borrowed at relatively high commercial rates. The limited duration of the loan, however, also means that fluctuations in the cost of a construction loan have a relatively minor impact on the affordability of a residential project (in general, the cost of financing a construction loan can represent approximately 10 percent of the total project cost). The second type of loan is the long-term financing used either to purchase an owner-occupied residence or, in the case of rental housing, to retire the construction loan. As implied earlier in Table 5, small shifts in interest rates can have dramatic effects on the ability of households to purchase homes, given that prospective buyers must meet income and credit qualifications that influence the size of their monthly mortgage payments. Broad control of interest rates, however, is far beyond the abilities of local and state government. To address the constraints, the City has programs in place which are designed to assist first-time homebuyers in purchasing a house in Anaheim. These programs are discussed further in this Element's Five-Year Housing Program.

TABLE 7: VACANT RESIDENTIAL SITES OF 0.8 ACRES OR MORE IN SIZE LOCATED WEST OF STATE COLLEGE ROAD

<u>General Plan Category</u>	<u>No. of Sites</u>	<u>Allowable Density Range</u>	<u>Assumed Average Density</u>	<u>Total No. Of Acres</u>	<u>Potential No. Of Units</u>
Low Density	4	4.4-6.1 du/ac	5 du/ac	7.4 ac.	37 units
Low-Medium Density	4	6.8-18 du/ac	14 du/ac	9.3 ac.	130 units
Medium Density	5	27.2 du/ac	32 du/ac	23.8 ac.	762 units
Total	13			40.5 ac.	929 units

Source: City of Anaheim Planning Department; Sedway, Cooke Associates, February 1989. (See Appendix C for further detail.)

TABLE 8: VACANT NONRESIDENTIAL SITES OF 0.8 ACRES OR MORE IN SIZE LOCATED WEST OF STATE COLLEGE BOULEVARD *

<u>General Plan Category</u>	<u>No. Of Sites</u>	<u>Total No. Of Acres</u>
General Commercial	5	21.7 ac.
General Industrial	2	8.0 ac.
Commercial Professional	1	6.9 ac.
Commercial Recreation	2	60.0 ac.
General Open Space	2	15.5 ac.
TOTAL	12	112.1 ac.

Note: Excludes vacant land in the City's major industrial areas and in Redevelopment Area Alpha.

Source: City of Anaheim Planning Department; Sedway Cooke Associates, February 1989.

***** The City has concentrated its inventory to more difficult infill sites to meet the needs of low- and very low-income households.

HOUSING RESOURCES

Despite the numerous constraints identified above, there are many opportunities to promote the City's goals of housing quality, affordability and availability. These opportunities include sites or areas where housing can be built or improved as well as local, state, federal and private sources of monies for housing. These resources, briefly listed below, are presented in more detail in the Five-Year Housing Program.

Land Resources. The inventory of vacant land has identified 15 large sites, seven of which are currently zoned for residential use. In addition, smaller sites ranging in size from 0.8 to 1.7 acres are scattered throughout the central and western portion of the City. Opportunities for reuse of economically underutilized properties are also present along the southern border of downtown and along major arterials.

Housing Stock. As has already been noted, the City's older 1920-1930 neighborhoods provide both affordable family housing and a neighborhood environment which is attractive to young families. Similarly, major portions of the City consist of housing subdivisions built between 1950 and 1969. Although some of these areas lack the landscape and architectural amenities associated with the older neighborhoods, they also provide homeownership opportunities and with continued maintenance and reinvestment are capable of improving over the years.

Housing Financing. The City of Anaheim has been successful in mobilizing and/or securing both financial and regulatory resources to support program implementation. Key resources for the neighborhood revitalization effort will include Community Development Block Grants, tax increment set aside, and federal Rental Rehabilitation Program funds. Resources to increase the availability and/or affordability of both new and existing housing stock will include surplus publicly-owned land, density bonus and senior housing ordinances, tax increment set aside monies, Section 8 Vouchers and Certificates, PHA reserves, and, to the extent available, new State Proposition 77/84 monies, tax-exempt bonds, low income housing tax credits, HUD Section 202 and federal McKinney Act monies. While not a financial or regulatory resource, the staff expertise and their experience in effectively implementing joint ventures with the private sector for new affordable housing stock (including five projects on surplus public lands between 1984-1989) represent a critical resource in terms of a successful track record with well-established working relationships.

Energy Conservation Opportunities. State law requires every city or county preparing a housing element to conduct an analysis of opportunities for energy conservation with respect to residential development within its jurisdiction. The primary methods available for achieving residential energy conservation are through energy standards applied to new homes, and through subdivisions designed to foster passive heating and cooling opportunities.

However, since a greater portion of Anaheim is already built out, energy conservation efforts need to be directed toward the existing housing supply. A significant portion of the single family units (approximately 55 percent) built between 1950 and 1970 were neither constructed, sited nor landscaped with consideration for energy conservation. Major energy savings can be achieved in these neighborhoods through simple landscaping programs, particularly along neighborhood streets and through retrofitting of the existing units.

GOALS AND POLICIES

As applied in this Housing Element (and as defined by the State Department of Housing and Community Development), goals are general statements of purpose that indicate the direction that the City intends to take with regard to addressing its housing problems. Policies provide a link between housing goals and implementation programs; they guide and shape actions taken to meet housing objectives. Goals and policies are presented according to three areas of concern, which are: housing and neighborhood quality; housing affordability; and housing availability.

1.0 HOUSING AND NEIGHBORHOOD QUALITY

Goal: To provide Anaheim's residents with quality housing and safe, attractive neighborhoods.

Policies:

- 1.1 Safeguard the city's stable neighborhoods from intrusion by incompatible uses or structures.
- 1.2 Rectify conditions which are destabilizing and which contribute to the deterioration of the city's single-family neighborhoods.
- 1.3 Where feasible, preserve the city's older 1920-1930's neighborhoods, particularly the architectural and landscape features that make these areas desirable and unique.
- 1.4 Promote homeownership in single-family neighborhoods especially those that are beginning to experience signs of physical deterioration.
- 1.5 Ensure that all new housing construction provides a high quality living environment for its residents and protects the quality of life in adjoining residential areas.
- 1.6 Encourage new multi-family housing projects to be of a scale sufficient to support adequate on-site management and maintenance.
- 1.7 Modify, as appropriate, existing City regulations and procedures to promote improved housing and stabilization of existing neighborhoods.
- 1.8 Focus the City's resources (monies and staff) on critical areas so as to maximize the impact of these resources.

- 1.9 Prepare and require compliance with City design and liveability guidelines for all projects benefiting from public assistance programs.
- 1.10 Strengthen the involvement of neighborhood councils and other community groups to insure success of housing and neighborhood improvement programs.
- 1.11 Ensure that the densities and standards presented in the zoning code are compatible with each other and are strictly enforced.

2.0 HOUSING AFFORDABILITY

Goal: To provide affordable housing opportunities commensurate with the City's regional needs.

Policies:

- 2.1 Prevent the loss of older, moderately priced single-family homes which are helping to meet the needs both of first-time buyers and of families seeking suitable housing.
- 2.2 Continue to provide incentives to promote private development of affordable family-serving housing.
- 2.3 Modify, as necessary, City regulations which unnecessarily impede construction of family housing.
- 2.4 Continue to maintain ongoing City programs that assist the private market in the acquisition of housing sites, and in the financing and construction of affordable units.
- 2.5 Modify, as necessary, City regulations which unnecessarily contribute to increases in housing cost.
- 2.6 Continue to require that all affordable housing built with public assistance remain affordable over a long-term period.
- 2.7 Continue to provide a land use balance which helps to meet Anaheim's projected housing needs.

- 2.8 Continue to provide incentives for quality affordable housing through the density bonus program and senior housing ordinance, and explore the use of other incentives.
- 2.9 Continue to provide and expand programs designed to assist renters and homeowners in securing housing that they can afford.
- 2.10 Continue to coordinate the efforts of the Community Development Department, the Planning Department, and the Redevelopment Agency to maximize the effectiveness of the City's efforts to meet Anaheim's housing needs.
- 2.11 Continue to leverage city housing programs through public/private development ventures.
- 2.12 Continue to prevent the loss of residentially zoned sites to non-residential uses and/or inappropriate density, through careful consideration of zoning reclassifications.
- 2.13 Expand the City's transitional housing facilities for homeless families.

3.0 HOUSING AVAILABILITY

Goal: To ensure that an adequate number and diversity of housing units are available to meet the needs of households either residing or expected to reside in Anaheim.

Policies:

- 3.1 Promote programs which provide for homeownership and rental opportunities.
- 3.2 Promote the construction of a sufficient number of housing units that are accessible to and equipped for Anaheim's projected population of handicapped households.
- 3.3 Encourage the construction of family housing.
- 3.4 Modify regulations which unnecessarily limit the density of land zoned for multiple-family residential development.

- 3.5 Increase the supply of land available for housing by promoting mixed-use projects (housing combined with nonresidential uses) in suitable areas.
- 3.6 Provide adequate opportunities for the construction of multiple-family rental housing to meet the needs of households that cannot afford single-family homes or who seek an alternative to single-family homeownership.
- 3.7 Ensure that housing will be available to all persons irrespective of race, sex, age, or family size.

FIVE-YEAR HOUSING PROGRAM

A five-year program for implementing the City's housing goals and policies is set forth on the accompanying table. The specified programs are listed according to the major goals (housing quality, housing affordability and housing availability) they are designed to promote. The entity(s) for the respective programs are identified along with a proposed time schedule for execution of the program. It should be noted that various programs may serve to implement several goals and may, therefore, be referenced several times. In the case of regulatory modifications to be examined, the specific regulatory changes are listed under the goal they most directly pertain to. It is important to note, however, that the program of regulatory modifications be undertaken as an integrated effort which carefully considers the accumulative effects of height, density, parking, open space and other changes being considered.

To help ensure timely execution of the respective programs, the Housing Element is accompanied by a Housing Strategy. The latter, though, not part of the adopted Housing Element, provides a more detailed description of actions to be undertaken in the next 18 months.

HOUSING PROGRAMS BY POLICY AREA 1989-1994*

<u>POLICY AREA</u>	<u>RESPONSIBLE PROGRAMS</u>	<u>ENTITY</u>	<u>PROGRAM STATUS</u>		<u>IMPLEMENTATION TIME FRAME</u>
			<u>EXISTING</u>	<u>NEW</u>	
L Housing and Neighborhood Quality	1.1 Require design review for all housing projects making use of public resources, either directly through public funding or indirectly through such programs as density bonuses. Prepare a design manual that sets forth guidelines to ensure the liveability of new housing, and compatibility with neighboring areas. The manual would define the expected quality standards for prospective investors and developers, provide neighborhood residents with greater certainty as to the future of their neighborhood, and provide for consistency in the decisions made in the design review process. The implementation of this program would be done through staff review and analyze potential financial impact for implementing design guidelines. If the analysis determines that implementation of the design guidelines would increase housing costs, either a financing program will be developed to offset the additional costs associated with a project of high quality design or modifications will be made to the guidelines to mitigate the elements which raise the cost of development.	Community Development and Planning Departments with support from Housing Authority and Redevelopment.		X	Begin study in Spring, 1990. Study completed by late Fall, 1990. Implementation design manual and guide-line recommendations by early 1991.

*Prior to implementation of new programs included in this section, public hearing will be conducted to solicit community input, as appropriate.

<u>POLICY AREA</u>	<u>RESPONSIBLE PROGRAMS</u>	<u>ENTITY</u>	<u>PROGRAM STATUS</u>		<u>IMPLEMENTATION TIME FRAME</u>
			<u>EXISTING</u>	<u>NEW</u>	
I. Housing and Neighborhood Quality (cont.)	<p>1.2 Review and modify, as necessary, existing zoning regulations to improve the quality of new housing and to avoid incompatibility with neighboring residences. Specific zoning code modifications which could be considered include:</p> <p>a) Allowances for height limit increases in the RM-1200 zone so as to reduce site coverage, increase useable open space and improve spacing between facing units while protecting neighborhood residences.</p> <p>b) Modify the density allowances in the RM-1200, RM-2400 and RM-3000 zones to make attainment of the maximum density contingent upon assemblage of an adequately sized and proportioned site.</p> <p>c) Reduce the maximum density in all multiple-family zones to allow a 25% density bonus without compromising housing or neighborhood quality.</p> <p>d) Establish minimum distances between facing residential windows, varying the distance based on the interior use of the space. These minimum distances serve to improve visual and aural privacy, and to improve the natural lighting of the units.</p>	Planning Department with support from the Community Development and Public Works Departments.		X	Initiate study in Summer, 1990. Complete study Winter, 1991. Implement recommendations, if any, as soon as possible.

<u>POLICY AREA</u>	<u>RESPONSIBLE PROGRAMS</u>	<u>ENTITY</u>	<u>PROGRAM STATUS</u>		<u>IMPLEMENTATION TIME FRAME</u>
			<u>EXISTING</u>	<u>NEW</u>	
I. Housing and Neighborhood Quality (cont.)	e) Modify the existing definition of building coverage to exclude landscaped deck surfaces above parking from the area included in the site coverage calculations. In turn, add stringent landscaping requirements for all deck surfaces.				
	f) Strengthen open space requirements, if feasible, by incorporating standards which ensure the creation of attractive, accessible, and usable open space. Standards should distinguish between common and private usable open space.				
	g) Investigate the feasibility of reducing parking requirements, particularly those applied to larger projects.				Initiate study in Spring, 1991. Complete study in Winter, 1991. Implement recommendations by Spring, 1992.
	h) Analyze potential cost impacts of implementing changes to zoning regulations to improve the quality of new housing and to avoid incompatibility with neighboring residences.				
	1.3 Reclassify the zoning in the older neighborhoods in Central Anaheim so as to prevent incompatible development (see Figure 3).	Planning Department with support from the Community Development Department.		X	Initiate study in Summer, 1990. Complete study by Winter, 1990. Implement reclassification by Spring, 1991.
	1.4 Focus the City's homeownership-related programs and resources on CDBG target neighborhoods and redevelopment areas.	Community Development, Housing Authority and Redevelopment Agency.	X	Continue	

<u>POLICY AREA</u>	<u>RESPONSIBLE PROGRAMS</u>	<u>ENTITY</u>	<u>PROGRAM STATUS</u>		<u>IMPLEMENTATION TIME FRAME</u>
			<u>EXISTING</u>	<u>NEW</u>	
I. Housing and Neighborhood Preservation (Cont.)	a) Continue to operate an active homeowner housing rehabilitation program which includes leveraged and direct loans for low and moderate income homeowners, direct and deferred payment loans for low and very low income households and rebates, tool assistance and neighborhood clean-up target areawide. Rehabilitate approximately 300 owner-occupied units per year.		X		Ongoing
	b) Continue to identify and finance neighborhood improvements such as park development, streetscapes, tree planting and other off-site improvements.	Community Development.	X		Ongoing
	c) Continue to operate a code enforcement program which focuses in areas where potential incidence of significant violations is greatest.	Code Enforcement.	X		Ongoing.
	1.5 Focus the City's rental assistance programs and resources on the Patrick Henry Neighborhood (Area 7, Figure 3), Central City and Citron Neighborhoods (Areas 1 and 2, Figure 3), Jeffrey-Lynne Neighborhood (Area 8, Figure 3) and Midway (Area 9, Figure 3).	Community Development.	X	Continue	Ongoing.
	1.6 Continue to provide for the active marketing and use of rehabilitation programs for existing rental properties including loans and rebates. Rehabilitate approximately 400 rental units per year.	Community Development.	X	Continue	Ongoing.

<u>POLICY AREA</u>	<u>RESPONSIBLE PROGRAMS</u>	<u>ENTITY</u>	<u>PROGRAM STATUS</u>		<u>IMPLEMENTATION TIME FRAME</u>
			<u>EXISTING</u>	<u>NEW</u>	
I. Housing and Neighborhood Quality (cont.)	1.7 Initiate the implementation of focused revitalization in selected areas. Provide concentrated assistance which may include not only rehabilitation assistance but other support which provides for reduction of overcrowding, improvement of parking and long-term management. Activities may include assistance in property maintenance and management, development and implementation of on-site management capacity, construction of common amenities and use of rental subsidies to ensure tenant affordability. The City/Authority will select one to two areas per year for this focused approach. Each area will be approximately 200 units.	Community Development with support of Public Works Department.	X	Continue	Complete strategy for first focus area by December 31, 1989. Initiate implementation in 1990.
	1.8 Continue and expand the acquisition and rehabilitation program for historically significant properties or properties which contribute to the character of the neighborhood.	Community Development.	X	Continue	
	1.9 Initiate an infill new construction program which will: a) encourage homeownership for first-time buyers, and b) assist in the removal of dilapidated properties.	Community Development.		X	Initiate program July, 1990.
II. Housing Affordability	2.01 Revise and modify, as feasible, the zoning code to: a) Encourage construction of family housing.	Planning Department with support from the Community Development and Public Works Departments.		X	Initiate study Summer, 1991. Complete study Winter, 1991. Implement revisions by Spring, 1992.

<u>POLICY AREA</u>	<u>RESPONSIBLE PROGRAMS</u>	<u>ENTITY</u>	<u>PROGRAM STATUS</u>		<u>IMPLEMENTATION TIME FRAME</u>
			<u>EXISTING</u>	<u>NEW</u>	
II. Housing Affordability (Cont.)	<p>b) If survey data warrants, provide incentives in the form of parking reductions for the construction of low or moderate income housing configured for three or more bedrooms.</p>				
	<p>2.02 Revise current zoning regulations in three predominately single-family areas surrounding Anaheim's Downtown (see Figure 3) so as to retain the existing stock of single-family units. Determine which of two zoning techniques is most appropriate for this task:</p> <p>a) reducing densities to be consistent with the existing single-family development pattern, or b) implementing the RM-2400 zone with an overlay zone that both protects units having design/historic merit and that also permits infill construction at RM-3000 or RM-2400 densities where appropriate. These changes should be implemented as follows:</p> <p>Neighborhood 1: Although zoning designations have recently been changed from RM-1200 to RM-2400 to protect existing residences, it would be desirable to provide further protection by use of an overlay zone (as described above) or change the zoning to RS-5000.</p>	Planning Department with support from the Community Development Department.		X	<p>Initiate study Summer, 1990. Complete study Spring, 1991. Implement revisions by Winter, 1991.</p>

<u>POLICY AREA</u>	<u>RESPONSIBLE PROGRAMS</u>	<u>ENTITY</u>	<u>PROGRAM STATUS</u>		<u>IMPLEMENTATION TIME FRAME</u>
			<u>EXISTING</u>	<u>NEW</u>	
II. Housing Affordability (Cont.)	<p>Neighborhood 2: This neighborhood currently contains a mix of zoning designations that include RS-7200, RM-2400, RM-1200, and some commercial zones. These designations should either be changed to a) RS-5000, or b) RM-2400 with an overlay zone applied so as to protect the existing single-family homes from incompatible development or from conversion to higher densities. These changes would also require that the General Plan designations for part of Neighborhood 2 be revised from the Medium to the Low-Medium Density designation.</p> <p>Neighborhood 3: This neighborhood currently has a mix of RM-1200, RM-2400, and Parking District-Commercial zoning designations. These designations, as well as those shown on the General Plan, should be modified as per Neighborhood 2.</p>				
	2.03 Continue to modify the zoning code to eliminate internal inconsistencies regards to multi-family housing development.	Planning Department with support from the Community Development Department.	X		Ongoing.
	2.04 Conduct a study of the current use of residential parking spaces so as to investigate the feasibility of reducing parking requirements for large multiple-family projects. If feasible, modify these requirements so as to reduce the per-unit housing cost.	Planning Department with support from the Community Development and Public Works Departments.		X	Initiate parking utilization study Spring, 1991. Complete study late Fall, 1991. Implement recommendations as soon as possible.

<u>POLICY AREA</u>	<u>RESPONSIBLE PROGRAMS</u>	<u>ENTITY</u>	<u>PROGRAM STATUS</u>		<u>IMPLEMENTATION TIME FRAME</u>
			<u>EXISTING</u>	<u>NEW</u>	
II. Housing Affordability (cont.)	2.05 Institute a program of street landscape enhancement for neighborhoods with wide and sparsely landscaped streets. This condition occurs in many of the residential tracts built in the 1960's and 1970's. The objective of this program is to decrease energy consumption for air conditioning purposes by providing larger deciduous street trees to shade residences and paved surfaces which absorb and radiate heat. This program will also help to enhance the appearance of these neighborhoods and contribute to their preservation and stabilization.	Community Development with support from Public Works, Park and Recreation and Maintenance Departments.		X	Initiate demonstration program in 4th quarter 1990.
	2.06 Continue to administer State Title 24 Energy Conservation Building Standards for residential structures.	Building Department.	X		Ongoing.
	2.07 Provide low-interest rehabilitation loans and rebates for energy-conserving home improvements.	Community Development.	X		Ongoing.
	2.08 Evaluate and modify existing Density Bonus Ordinance to: a) provide for a higher percentage of very low income units when appropriate, b) to establish a system for annual review of density bonus activities, c) explore the possibility of limiting the Density Bonus Program for rental units to a minimum		X		Ongoing.

POLICY AREA

RESPONSIBLE
PROGRAMS

ENTITY

PROGRAM STATUS
EXISTING NEW

IMPLEMENTATION
TIME FRAME

II. Housing
Affordability (cont.)

development size, d) establish a fee for reimbursement of long-term, ongoing compliance monitoring, and e) continue to require long term affordability for projects approved with a density bonus (20 years for owner occupied and 30 years for rental units). Community Development Department assisted by Planning Department.

2.09 Continue to identify and evaluate publicly-owned properties for acquisition and disposition for affordable mixed income rental and homeownership projects based upon the vacant site survey. It is anticipated that the City/Authority will acquire directly or through options one to two sites every 24 months for the construction of 500 to 600 rental and ownership units over the next five years, with at least 100 of the units affordable to very low-income households.

Community Development and Non-profit corporations.

X

Ongoing.

2.10 Institute second mortgage assistance for moderate income first-time home buyers. Such a program would be used in conjunction with tax-exempt financing or Mortgage Credit Certificates if at all possible. It is anticipated that approximately 50 households would be assisted annually.

Community Development.

X

Begin accepting applications in January 1990.

<u>POLICY AREA</u>	<u>RESPONSIBLE PROGRAMS</u>	<u>ENTITY</u>	<u>PROGRAM STATUS</u>		<u>IMPLEMENTATION TIME FRAME</u>
			<u>EXISTING</u>	<u>NEW</u>	
II. Housing Affordability (Cont.)	2.11 Continue to operate and seek increases in the Section 8 or like rental subsidy program to support very low income households.	Community Development/Housing Authority.	X	Continue	Ongoing.
	2.12 Institute a tenant assistance loan/grant program to assist tenants who are in danger of losing housing due to temporary financial difficulty or, but for modest one-time assistance, would be able to access an adequate housing opportunity.	Community Development/Housing Authority.		X	Institute in FY 89-90.
	2.13 Continue the effective operation of the Shared Housing Program serving approximately 150 households annually.	Community Development/Housing Authority.	X	Continue	Ongoing.
	2.14 Explore the feasibility and availability of resources suitable for the development of a second transitional facility for homeless families.	Community Development/Housing Authority.		X	FY 90-91.
	2.15 Continue to coordinate with the Orange County Social Services Agency to provide emergency shelters for the homeless.	Parks, Recreation and Community Services Departments.	X	Continue	Ongoing
	2.16 Continue to pursue public and quasi-public resources such as State bond funds, tax-exempt mortgage revenue bonds and other relevant financing for the development of new mixed rental development including the use of tax increment set aside where appropriate.	Community Development/Housing Authority.	X	Continue	Ongoing.

<u>POLICY AREA</u>	<u>RESPONSIBLE PROGRAMS</u>	<u>ENTITY</u>	<u>PROGRAM STATUS</u>		<u>IMPLEMENTATION TIME FRAME</u>
			<u>EXISTING</u>	<u>NEW</u>	
II. Housing Affordability (cont.)	2.17 Review affordable housing units at risk of converting to market rate over the next 5 years. Identify funding sources to assist in the retention of these units as affordable housing.	Community Development/Housing Authority		X	Initiate study 1991-92
III. Housing Availability	3.01 Over the course of five years implement the construction of 100 very low income affordable units in a mixed income setting, with specific emphasis on family unit development.	Community Development with support from Housing Authority, Redevelopment and non-profit housing corporations.	X		Ongoing.
	3.02 Assist with the construction of 200 Infill homeownership units in the Central City area, including Neighborhood 5 of Project ALPHA.	Community Development with support from Housing Authority and Redevelopment.		X	Initiate by FY 90-91.
	3.03 Redevelop Neighborhood 5 in Project ALPHA with a mix of townhouses and apartments at an average overall density of 20 to 24 units per acre. The majority of these units will serve first-time homebuyers.	Community Development with support from Housing Authority and Redevelopment.	X	Continue	Complete redevelopment by 1994.
	3.04 Undertake a detailed site analysis of mixed-use or multiple-family housing opportunities along the City's major arterials. Prepare new mixed-use zoning provisions and apply them where appropriate.	Planning Department with support from Community Development.		X	Initiate study Fall, 1992. Complete study Summer, 1993. Implement recommendations as soon as possible.
	3.05 Review all City street widening programs to determine if right-of-way alignment and site acquisitions can create opportunities for usable multiple-family housing sites.	Public Works Department with support from Community Development Department, Redevelopment Agency and Planning Department.		X	Ongoing.

<u>POLICY AREA</u>	<u>RESPONSIBLE PROGRAMS</u>	<u>ENTITY</u>	<u>PROGRAM STATUS</u>		<u>IMPLEMENTATION TIME FRAME</u>
			<u>EXISTING</u>	<u>NEW</u>	
III. Housing Availability (Cont.)	3.06 Prepare specific plans for Neighborhoods 4 and 6, in order to guide the transition to high density residential use in a manner which maximizes the housing potential and ensures the long-term stability of the reconstructed area.	Community Development Department with support from the Planning Department.		X	Initiate July 1990.
	3.07 Review height limits in the RM-1200 zone and alter if appropriate to enable attainment of the permitted density, without compromising housing quality; conditioned upon protection of adjoining residences.	Planning Department with support from the Community Development Department.		X	Initiate study Fall, 1991. Complete study Winter, 1992. Implement recommendations as soon as possible.
	3.08 Continue to provide tenant counseling, shared housing and related support services which enable tenants to effectively seek and/or retain affordable housing.	Community Development.	X		Ongoing.
	3.09 Those activities described in 2.09-2.15 above will increase not only the affordability but availability of housing opportunities and are therefore relevant to this section as well.	Community Development.			See 2.09-2.15.
	3.10 Provide funding for Housing Non-Profit Agencies by requiring 20% ownership position of Affordable Project on City land.	Community Development		X	1990

<u>POLICY AREA</u>	<u>RESPONSIBLE PROGRAMS</u>	<u>ENTITY</u>	<u>PROGRAM STATUS</u>		<u>IMPLEMENTATION TIME FRAME</u>
			<u>EXISTING</u>	<u>NEW</u>	
III. Housing Availability (Cont.)	3.11 The City is very active in promoting equal housing opportunities for all persons. The City has contracted with Fair Housing Council of Orange County since October, 1977, to provide services which assist the City in fulfilling its obligation to further fair housing, a requirement of all federal CDBG recipients. The services which promote equal housing opportunity for all persons include the preparation and distribution of informational materials, counseling and education on the subject of fair housing to all Housing Authority Certificate Holders and other Anaheim residents, outreach programs to residents through oral and audiovisual presentations on the subjects of housing discrimination, tenant/landlord relations, conditions of rental units, and low cost housing. Additionally, the Fair Housing Council investigates alleged housing discrimination and undertakes mediation efforts to resolve these types of complaints.	Community Development	X		Ongoing
	3.12 The City maintains a current list of all affordable rental and ownership units within the City and monitors these units for compliance. The City will continue to pursue various resources both financial and regulatory to maintain the affordability of these units for the longest feasible time.	Community Development Department	X		Ongoing

APPENDIX A

APPENDIX A

**CITY OF ANAHEIM
HOUSING INITIATIVES PROGRAMMATIC ASSESSMENT
Summary of Key Housing Actions and Initiatives
1985 to 1988**

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PROGRAMMATIC ASSESSMENT

CITY OF ANAHEIM
HOUSING INITIATIVES PROGRAMMATIC ASSESSMENT
Summary of Key Housing Actions and Initiatives
1985 to 1988

I. Background

A. Purpose of Assessment

The City of Anaheim and its Community Development Department and Housing Authority adopted both a Housing Strategy and Updated Housing Element in 1984 - 85 to serve as a framework for housing initiatives for the next several years. This assessment prepared by Calne Gressel Midgley Slater, Inc. provides:

- A summary of the actions and initiatives undertaken by the City to achieve the stated objectives of the Strategy and Element during the period of 1984 - 1988.
- An assessment of the basic workability of existing programs given current market conditions and internal capacity.
- General recommendations and directions for program modifications or adjustments which may be further refined and developed in the update of the Strategy and Element in 1989.

This assessment is not intended to be a new strategy but to look at current efforts which may impact on future strategic planning and stimulate program adjustments and modifications. Based in part upon this assessment, a 1989 Housing Strategy and Element will be designed that will identify new objectives, resources, constraints, and initiatives for the next several years.

B. Process

This assessment was prepared by CGMS based on consultation with key staff. CGMS has:

- Reviewed primary program documents including program assessments by funding sources, sample files, regulatory documents, correspondence, and policy memos and statements.
- Met with key staff and primary program users including neighborhood groups and nonprofits.

- Observed at a limited number of Section 8 briefings, department meetings, public hearings and community meetings.

II. Summary of Objectives of the 1984 Housing Strategy

A. Housing Strategy (This is a summary only of the 1984 strategy)

1. Policy Objectives

- Encourage principally private sector financed production of affordable homeownership for households at or below 120% of median income.
- Encourage principally private sector production of mixed income rental for:
 - (I) seniors, and
 - (II) families
 with a percentage of the units set aside for households below 50% and 65% of median income respectively.
- Continue rehabilitation effort for both owner occupied and rental housing stock.

2. Institutional/Strategy Objectives

- Become independent of traditional federal and state programs.
- Utilize limited public resources with emphasis on publicly owned land and tax increment monies.
- Support economic and job development by increasing quality and supply of a range of housing for all income groups.
- Stimulate private sector involvement in housing development and finance.
- Finance model projects.
- Expand homeownership opportunities in downtown to support redevelopment.

3. Programmatic Agenda (The following is an outline of the programmatic agenda from the 1984 Housing Strategy)

- Homeownership

- (i) Continue to participate in County first time homebuyer programs, and explore setting up a local program,
- (ii) apply for and sell single family bonds if volume warrants,
- (iii) explore mortgage assistance in conjunction with tax-exempt programs for existing housing,
- (iv) support redevelopment efforts to create new single family affordable homeownership in downtown,
- (v) streamline program guidelines for density bonuses and tax exempt bonds as appropriate to encourage more affordable homeownership (larger developments only) in the flats,
- (vi) continue to operate homeowner support efforts - Shared Home Program, Rehabilitation, Code Enforcement, Neighborhood Clean Up, etc.
- (vii) explore Reverse Annuity Mortgage Program.

4. Rental Development

- Senior

- (i) continue density bonus/senior ordinance programs as defined in the ordinances,
- (ii) establish and maintain referral system for Anaheim seniors to rent in new developments which receive density bonuses and/or senior ordinance benefits,
- (iii) review policies annually and modify as appropriate,
- (iv) encourage Second Units in multifamily zones,
- (v) consider adaptive reuse for elderly in key downtown buildings, and
- (vi) use tax-exempt bonds to financially support additional elderly where 20% of units are at very low rents.

- Family

- (i) identify land and select developer for family project similar to Sage Park,
- (ii) offer tax-exempt bonds and other techniques to encourage family development in mixed income setting,
- (iii) consider a program to make second mortgages and/or guarantees to for-profit and non-profit developers, in order to provide additional economic incentive to such multifamily developers to set aside a portion of units for very low and low income family rentals (particularly three bedroom units),
- (iv) set-up monitoring systems for all new construction programs including bonds, density bonuses, etc, and
- (v) review zoning and density bonus policies annually to insure they are adequate to the task of stimulating mixed income family developments.

Rehabilitation

- (I) explore converting interest subsidy program to principal reduction
- (II) develop detailed financing strategy for Chevy Chase (now known as Park Vista) using all potential resources, and
- (III) consider tax-exempt financing for the high volume of single family rehabilitation to increase leveraging ratio.

3. Housing Element

The Housing Element identified the following measures which were implemented prior to adoption in 1983 - 1984 to facilitate increased housing opportunities:

- Made provisions for a minimum unit size of 550 square feet.
- Created RM 1000 zone.
- Increased code enforcement.
- Provided for adoption of density bonus program as required in state statute.
- Implemented state statutes for second units.
- Implemented mobile home park overlay zone.
- Operate specific programs as outlined in the 1984 Housing Element Update (Attachment A).

III. Overview of Key Activities to Achieve Goals and Objectives as Outlined in Strategy and Element

This is an outline of significant efforts corresponding to the aforementioned agenda only, Items have been listed in the same order as and in response to the agenda on pages 3 - 4.

A. Homeownership

- City has made information available to interested developers regarding County of Orange Mortgage Revenue bonds for first time homebuyers each year. Due to (a) changes in sales prices and income limits in 1986 Tax Act, (b) the high priced type of product now being developed in the City (principally in the hills) and (c) difficulties of utilizing mortgage insurance for loans above FHA loan limits. There has been no significant developer interest in tax exempt single family financing since 1985.
- City developed a request for proposals in 1986 for a city operated mortgage revenue program. No responses were received for the reasons outlined above. No effort has been made to use the tax-exempt authority for existing housing.
- City has not initiated a general mortgage assistance program for first time homebuyers. Limited homeowner assistance was provided for:
 - (i) specific properties in the Redevelopment area, financed by the Agency;
 - (ii) completion of Patt Street; and
 - (iii) mobile home park conversion loans for the Cherokee Mobile Home Park.
- City has continued to provide the Density Bonus Program for developers of condominiums, townhouses and single family homes. There was substantial use of this program in 1984-1985 in conjunction with tax exempt financing from the County of Orange. The City was particularly involved in the development of affordable townhouses in the Stanford Court development.

The use has been very sporadic since 1985. This is a result of the high cost of single family developments, the small number of large homeowner developments in the flatlands, where costs are lower and the current market price is relatively affordable. The total affordable units which were approved as of March 31, 1989 is 377.

- City completed a review of Reverse Annuity Mortgage Programs offered by lenders and determined that the programs available in 1985-86 when the review was completed, were not sufficiently developed to warrant city initiated advocacy of any particular program. The City does refer homeowners with specific requests to interested lenders.
- City has continued active operation of the single family rehabilitation loan program, rebates to owners for exterior and interior improvements, neighborhood clean up, a tool

bank program and code enforcement efforts, principally in target areas.

City has redesigned and placed new emphasis on the Shared Home Program with dramatic success evidenced by over a 100% increase in successful matches each year since 1987.

In addition to providing mortgage assistance through land writedowns the Housing Authority did the construction financing for the Patt Street Project.

While not identified in the Strategy other homeownership efforts have included:

- (I) Provision of financing to assist in the conversion of a mobile home park (Cherokee Mobile Home Park) to ownership by a nonprofit 501(c)(3) controlled by park residents. City provided second mortgage financing for the very low income residents Section 8 Certificates as appropriate.
- (II) Acquisition and rehabilitation of select properties in Redevelopment areas to provide for homeownership in ALPHA area 1-4.
- (III) Development of homeownership in conjunction with neighborhood revitalization and historic preservation through the establishment of Heritage Square, a new area of older significant or national registry structures. This included site acquisition, construction, house move-on's and secondary financing by the Agency.

B. Rental - Senior

The Authority completed the sale and financing of Sage Park to Western National Properties in December 1986. This effort resulted in the construction of 100 quality elderly units, 25 of which are affordable to very low income seniors. This project represented the use of a variety of housing development and financing techniques including:

- (I) acquisition and sale of publicly owned lands,
- (II) density bonus and senior ordinance, and
- (III) tax exempt financing.

The Authority has operated a program to identify and refer elderly Anaheim residents to projects which were approved under the Density Bonus Program, senior ordinance and tax exempt financed projects. The system is designed to insure that local residents have priority for the affordable units.

- The density bonus and senior ordinance policies have been the subject of much discussion over the past two years. Some modifications have been made and the use of the senior ordinance has been extensive. 639 units have been approved.
- No significant use of the Second Unit zoning allowance has occurred. The impact of non-use is not critical given the substantial number of density bonus and senior ordinance developments.
- The Authority has used tax-exempt financing to finance four elderly developments in 1985-86 including Sage Park - 100 units, Heritage Village - 196 units, West Anaheim Royale - 100 units and West Anaheim Convalescent Home - 138 beds. Of the 534 units financed 149 are affordable to elderly households at or below 50% of median income for 30 years. The Authority has also worked extensively with the developer of a 117 unit elderly project in Anaheim Hills, however financing has been difficult because of the higher development costs per unit in this area. Anaheim is one of only four jurisdictions in Orange County to use tax-exempt financing successfully since the 1986 tax reform. This is a direct result of the coordinated use of resources as in the case of Sage Park.

The City/Authority was also instrumental in the development of two 202 projects, Anaheim Memorial Manor - 75 units and Access Anaheim - 40 units serving very low income disabled and handicapped. Both projects are owned and operated by nonprofit entities.

C. Rental - Family

- The Authority is currently working with a joint venture partnership that includes Waller Properties, Anaheim Interfaith Shelter, Inc., California Lutheran Homes, and the Orangewood Foundation to develop approximately 176 units family project on the Brookhurst site (city owned parcel at Brookhurst, Crescent and Gramercy). The project is located in a commercial and multifamily residential neighborhood. This project will provide for mixed income rentals including a percentage of 3 bedroom units. The project will build upon the experience of Sage Park in using multiple resources with the added features of:
 - (I) family housing,
 - (II) nonprofit involvement, and
 - (III) 20% of the units affordable in perpetuity.

The project is expected to commence construction in winter of 1989.

The Authority has financed new construction of one family development, Harbor Cliffe in 1985 and provided density bonuses to nonelderly projects comprising 335 units since 1984. The number of quantity mixed income family rental units has been limited due to the lower economic and regulatory incentives by the city for family verse elderly development. Many of the family developments have been smaller infill projects. The neighborhood impact of these projects is discussed in the analysis section. Many of them were assisted through development waivers in excess of any density bonus incentives.

The City, Authority and Agency have provided no direct financing for new family or rental housing to date and direct financing to one elderly project, Heritage Park. Direct financing has generally not been necessary given the extensive use of density bonuses, tax exempt financing and other economic incentives. As the economics for rental development change, and the City's desire for lower densities, increased quality and greater targeting grows, the need to provide direct economic incentives should be reexamined.

The City and Authority have established a monitoring system for the Density Bonus, Senior Ordinance and Tax Exempt Bond Programs. The system provides for at least annual review of each development.

The Park Vista project which is discussed under rehabilitation provided 394 family units 25% of which will be affordable for 30 years to very low and low income households.

Rehabilitation

The City has maintained essentially the same program financing options for rehabilitation of both owner occupied and investor owned properties for the past several years. Volume in each program has fluctuated with the highest use being in rental rehabilitation as a result of Park Vista and use of the Rebate Program by home owners. The rehabilitation programs, while operating effectively administratively, would benefit from a complete review of specific loan criteria and leveraging opportunities with particular attention to more targeting within each target area on a block basis as discussed in the recommendations.

The Authority completed the financing of the Chevy Chase project in February 1988. This effort has been seen as a model at both the state and national level. This financing's success depended on (i) a major public and private commitment which recognized the long term economic and social benefits, (ii) tackling the entire project, (iii) a partnership with the neighborhood, tenants community groups, the developer, lender and the city, and (iv) an integrated physical, economic and social strategy.

- The City decided not to pursue tax-exempt financing for single family home improvement loans because the volume of loans did not warrant the cost of structuring a bond issue.

E. Other Efforts Not Identified In Strategy or Element

- The Authority has continued to successfully operate the Section 8 Rental Subsidy Program including After Care and Moderate Rehabilitation, serving an average of 2700 tenants at any one time.
- The City in conjunction with the Authority pursued funding for Anaheim Interfaith Services to finance the acquisition of a 10 unit property for transitional housing for homeless families. The property was acquired, rehabilitated and is currently in operation. This effort represented a successful joint venture with a local nonprofit and provision of housing to a homeless population who can be successfully transitioned to permanent housing.
- The City continues to operate a generally supported code enforcement program which is responsive to neighborhood concerns and links effectively with the rehabilitation program and the Section 8 preferences to prevent any potential displacement.
- The City continues to provide CDBG funds for a number of housing services including Fair Housing Services and to provide operating subsidies to organizations such as NIPA who provides neighborhood based housing services.

Findings and Observations

Institutional Capacity

In 1984 -1985, the City adopted the Housing Strategy. This Strategy provided a set of recommendations to enable the City to meet the pressing needs for affordable housing and to develop institutional capacity to address the future demand for all types of housing. At that time the Housing Authority and Community Development Department were very experienced in operating traditional programs such as rehabilitation for homeowners and investors, Section 8 and 202 new construction, and Section 23/Section 8 rental subsidies. The City's relationships with traditional affordable housing constituencies was positive. The City's resource base was dependent on federal and state funding. The City housing programs needed to expand its relationship with lenders and developers, establish and utilize new local resources efficiently and address the new stock demand of all income groups, not just the traditional HUD constituencies or those individuals who could afford to access the market rate product of choice.

In the past four years, the City and its Authority and Agency have made significant strides in developing and expanding directions and programs. Through the Initiation and Implementation of many prototypes which include programs such as the Shared Housing Program and Density Bonus Program and projects such as Park Vista, Sage Park and Anaheim Interfaith Services Transitional Housing Shelter, the City has addressed specific and pressing housing needs. It has:

- (I) built internal institutional capacity and experience to respond to diverse needs quickly,
- (II) creatively leveraged local resources which are not based on general fund revenues including regulatory initiatives such as the density bonus and senior ordinance, publicly owned land with compensation to the public agency, and unique revenues, such as the bedroom tax rebate for homeless shelter providers,
- (III) created models for successful leveraging of private sector resources through tax exempt bonds and conventional financing,
- (IV) learned to evaluate and select the appropriate City role for each effort ranging from catalyst and regulator to second mortgage lender, facilitator and occasionally public developer as in the case of Patt Street,
- (V) limited City economic risk/investment while stimulating private investment and reinvestment,
- (VI) begun to develop the capacity of local public benefit nonprofits to serve as developers and owners of special needs housing,
- (VII) designed sophisticated methods for optioning land and select use of eminent domain,
- (VIII) developed the flexibility necessary to address changing market directions and new resources.

V. Recommendations

The following is a list of recommendations which may serve as a foundation for the development of the next strategy. They are not intended to be all inclusive. No importance should be given to the order of this listing. This is not a strategy, but rather lessons and recommendations which may be useful in developing the 1989 Element and Strategy.

A. Strengthening Institutional Capacity

In general the greatest success has been achieved where development or redevelopment has been neighborhood focused and/or new projects initiated by the City has been compatible with the overall character of the area. In the future the need to build on these experiences through the development of individual neighborhood strategies would be appropriate. There are many opportunities in older single family neighborhoods for proactive revitalization efforts. To do this may require:

- (i) City cooperation with proactive neighborhood groups,
- (ii) a revised role for the Housing Commission and citizens groups,
- (iii) more internal staff and program linkages between redevelopment, community development and related departments such as Planning,
- (iv) focusing of program resources in target areas,
- (v) public marketing of successes and new programs, and
- (vi) continuing to emphasize building models and efficient use of resources.

The following is a more specific list of recommendations.

- The City has been proactive in its approach to identifying and addressing housing needs and most importantly opportunities. This has been due to careful design of each effort and recognition that, development requires consistency, tenacity, occasional flexibility in approach due to changes in market and economic factors, and recognition of changing attitudes and goals by the citizens of the City. For precisely this reason, caution should not result in reactive programming only. The City has been very successful in capturing opportunities. These represent the greatest successes and must be a focus of any future effort. Opportunities can and should be evaluated in the context of objectives and policies. Park Vista only happened because the City was willing to commit itself in a major way and stay with the project through the long development process.
- The City should develop mechanisms to market its successes to other City departments and the general public. This may include a housing forum, brochures, workshops for key leaders, etc. The success of the City's many efforts has not been visible with the exception of Park Vista. Many of the efforts have been misinterpreted and much of the lower quality rental housing which has been built by selected private sector developers with no City housing involvement is attributed to the affordable housing programs while Sage Park and Park Vista are not always viewed as the housing departments models they were intended to be. This marketing effort should be a key institutional objective of the next strategy.

Once a program is initiated, it is critical that it:

- (i) be allowed to operate for a sufficient time frame without changing the rules or policies in order to establish knowledge on the part of both staff and the community, and
- (ii) then the program should be formally reviewed and revised internally on a predetermined schedule and modifications made in concert with overall City planning as well as neighborhood concerns and desires.

The City has successfully developed a role as facilitator and catalyst for new and innovative affordable developments such as Sage Park and Brookhollow. Continuing in these roles and approach should be encouraged where it supports other neighborhood revitalization initiatives.

As the Redevelopment Agency becomes more active in housing it is important not to fragment but rather to link efforts such as rehabilitation and homeowner assistance inside and outside the redevelopment areas.

Neighborhood groups and the Housing Commission should also be actively involved in strategic planning to insure responsiveness to unique neighborhood concerns, to help them to buy into specific projects and to increase program use by current residents. The neighborhood councils represent a foundation for ongoing meaningful citizen involvement. Tenant and landlord organizations should also be encouraged for specific program initiatives.

The City's willingness to work with the residents of the Jeffrey Lynn area to define their own needs and solutions is an excellent approach. While the approach in the case of Jeffrey Lynn is unique, in each neighborhood the Housing staff has consistently modeled good and meaningful citizen participation efforts which encourage an approach that fits the specific need/objectives. In fact, the success of projects such as Park Vista was dependent upon surrounding neighborhood support and involvement. It will be necessary upon completion of the study to begin to develop a program/strategy to address the specific housing conditions.

While the concentration of staff time and resources on the redevelopment of the Chevy Chase area was necessary and has certainly borne the intended results, it should be noted that the effort resulted in occasionally placing other issues on the back burner. This should not imply that the City did not meet each of its housing objectives. It did. In the future the potential problem of multiple priorities and workload should be recognized in planning for any major initiative.

Several programs and initiatives have the potential of being more successful if they are formally linked. For example the density bonus units could serve families whose income no longer qualify under Section 8, the rebate program could be linked to any new

homeownership assistance and so forth. Such linkage will not only increase a specific program success, but will also increase interaction and understanding among staff. This will be particularly critical as Redevelopment housing initiatives and City housing Initiatives begin to overlap.

B. Strengthening and Redirecting Programmatic Initiatives

- Many of the older neighborhoods in the City have experienced both real and perceived change which had negatively impacted on their long term integrity as low density single family residential areas. This has included changes in ownership patterns (increased Investor ownership), development of small multifamily developments, increased traffic, removal of single family housing and encroachment of commercial development in residential neighborhoods. In the formulation of the Housing Strategy and Element Updates, it would be appropriate to consider an individualized neighborhood approach rather than city wide programs or specific projects to maximize resources and impact and to address increased neighborhood concern. For example, concentration of specific rehabilitation programs, homeownership assistance and sensitively designed infill new construction for both homeowners and renters are efforts which should: (a) be a major focus of future plans and (b) be selectively concentrated.
- The City should consider a greater emphasis on, and diversity in its homeownership programs particularly in the flatlands.
- Several models of activities which have been successful and are critical to meeting future objectives, should be revised, formalized and/or possibly expanded. These include:
 - (I) continued identification and acquisition of publicly owned land, and possible optioning of privately owned property directly or through private developers,
 - (II) creating a further strategy to strengthen and develop locally based 501 (c)(3) developers such as AIS, and
 - (III) building on the constituency and experience of the Shared Home Program for other basic shelter counseling.

C. Specific Program Recommendation

This review of programs was not intended as an audit of program capacity. This section concentrates on areas to improve or expand. Accomplishments are outlined earlier in this outline. Please note that some of the suggested changes have already occurred as a result of verbal discussions.

1. Affordable Development Density Bonus and Senior Ordinance

- These regulatory incentives are sometimes the foundation coupled with conduit financing and sale of public lands for City induced new housing stock. The success of these programs can be attributed to market demand for rental, high cost of land, responsive staff processing, developer acceptability and generally predictable processing which resulted in an economic benefit which compensates for the reduced rental income.
- The production of some rental development with and without density bonus in predominately single family low density neighborhoods has impacted neighborhood acceptability and consistency. To prevent further new developments which are not neighborhood compatible the City should consider
 - a. lower densities in predominantly low density neighborhoods and
 - b. fewer waivers or restructuring parking and height limits in area designated for multifamily development, not tighter program rules for the Density Bonus Program itself.

Additionally the Community Development Department may wish to consider specific design criteria for affordable developments. The City Planning Department could review its criteria for granting waivers and the underlying density in selected areas of the City with particular attention to consistency with existing neighborhood uses.

- Additionally the CD staff should consider the following suggestions for program improvements:
 - (I) Development of written procedures for processing of requests which (a) are agreed upon by Planning in writing and (b) provide that no development will be forwarded to the Planning Commission without a sign off by the CD Department (which would include review for neighborhood compatibility).
 - (II) Preparation annually of an analysis of the use of the programs including market acceptability, impact on surrounding neighborhoods, type and volume of use, absorption rates, current tenant use of approved projects and other relevant evaluate information.

- (iii) A series of workshops or training sessions may be appropriate (after marketing materials on model projects are completed). These would be designed to enable the Planning Commission and key leaders to better understand the value and benefits of Density Bonus Program to developers and the key issues regarding underlying density and neighborhood compatibility.
- (iv) The CD department may wish to adopt simple clear minimum design standards for all developments which will wear the "affordable" development label. This might include exterior rehabilitation as well.
- (v) The current referral system while adequate could be more systematic. Materials should be developed to give to potential individual tenants who inquire about units. Material should clearly explain the program, steps in the rental process and outlines rent levels and occupancy requirements specifically. This will reduce the frustration by all parties and complaints.
- (vi) Additionally the Authority may wish to select a small number of Section 8 tenants whose income has increased to between 50-80% and will lose their Certificates. These individuals could be given a priority for referral to projects such as Harbor Cliffe where rent is based on 30% of 65% of median. This will enable staff to test the self sufficiency concept on a limited basis.
- (vii) The entire referral system should be combined with the Shared Home Program. This program has been very effective and it maybe appropriate to centralize tenant support services including referrals, counseling and related services such as the security deposit loan program mentioned below under this umbrella.
- (viii) The density bonus program is serving a very limited number of first time homebuyers at the present time. The reasons for this are complex. As part of the Element and Strategy Updates, it would be appropriate to consider techniques to increase homeownership production for households up to 120% of median income without lowering the current zoning standard.
- (ix) The compliance monitoring of all new construction programs is currently a major department objective. As a result the City has begun to develop procedures and to oversee staff commitment to monitoring. This effort should be continued and semi annual reports should be prepared for public distribution. After the system is again working and used, the City must be prepared to enforce the various requirements. This should include a willingness to take legal action to enforce regulatory agreements if necessary to maintain the overall integrity of the entire program.

2. Housing Rehabilitation and Rebate Programs

- The City has a reputation for operating one of the most innovative rehabilitation programs in California. Projects such as Park Vista are evidence of that quality.

The staff capacity and administrative concerns which were identified in 1987 have and are being addressed. The need to redesign and market new financing strategies which are neighborhood specific should be next on the agenda.

- The housing rehabilitation program has fluctuated in borrower use and administrative effectiveness in the past several years. The staff has concentrated recently on staff capacity building and development of good administrative procedures. Given completion

of this effort, the next steps might best include:

- (i) Reassessment of resources allocations based on individual neighborhood strategies, and marketing to individual target areas. This especially relevant given the City's renewed interest and commitments to neighborhood revitalization.
- (ii) Reassessment of loan program terms, conditions and underwriting standards so as to expand the use by borrowers between 80-120% of median income and investors owner and increase program efficiency.
- (iii) Reassessment of the City's policy to recycle funds instead of leverage; renewal of relations with local lenders.
- (iv) Formal linkage between code enforcement and the rehabilitation program.

3. Section 8 and Related Rent Subsidy Efforts

• The Section 8 program is currently undergoing significant change in the allocation and use of staff, it is therefore difficult to assess the overall program until the administrative restructuring is put in place. The following are some observations which should be considered in the context of those changes.

- (i) The current market conditions, stable rents and higher than normal vacancies particularly in older rental properties have increased the viability and utility of the Section 8 Program.
- (ii) The desire to make the best choice in the administrative restructuring of staff responsibilities is important however, moving forward with some diligence will provide more staff and program user predictability.
- (iii) Upon achievement of an acceptable leasing rate the Authority should consider more tenant support and follow up during search and leasing. A ratio of 1 lease for 5 certificates indicates significant fallout which has an economic as well as image cost to the Authority.
- (iv) The Authority should consider further training for staff to insure that all information is absorbed during the tenant briefing. The Authority should consider simple do's and don'ts materials, evening briefings, and follow up sessions for certificate holders having problems.
- (v) The counseling effort is currently very individualized and personalized. It may be appropriate to supplement this effort with product oriented counseling. (e.g. finding and keeping a unit)
- (vi) The City/Authority may wish to explore a small revolving loan fund for security deposits.

- (vii) The Authority has an opportunity to supplement its large property rental rehabilitation (such as future Park Vista's) by using Section 8 Project Based Certificates. This potential should be explored.
- (viii) The Authority has had difficulty keeping tenants in the Moderate Rehabilitation units. This may be an opportunity to serve a specific population such as those individuals transitioning from the new AIS facility.

4. Code Enforcement

- The code enforcement effort is generally popular and successful. This effort should be specifically linked on a proactive basis to any new neighborhood revitalization in target areas.

5. Homeless Services

- The assistance AIS was very important for a number of reasons. This effort:
 - (i) Served a segment of the homeless population which can benefit from support,
 - (ii) strengthened an existing nonprofit service provider, and
 - (iii) demonstrated the City's commitment to addressing the needs of the homeless in a constructive way.
- The pressure to provide band-aids for the homeless will grow. When this occurs every effort should be made to develop programs and facilities which build on the AIS model rather than simply providing emergency shelter.

6. Related Programs

- As has been mentioned previously the City has effectively identified and then served as the facilitator for the development of well designed, compatible, new single and multifamily housing on publicly owned land. Additionally the Redevelopment Agency and City have effectively developed, both directly and through private developers, new single family and multifamily compatible with the surrounding neighborhood. Both of these efforts should be considered prototypes within the context of individual neighborhood strategies.
- Successes such as Park Vista may require follow-up efforts or new programs to prevent perceived as well as actual problems in nearby areas. This should be addressed specifically in any updated Housing Strategy.

The principle objectives and recommendations will be incorporated into the 1989 Housing Strategy Update

VI. HOUSING PROGRAMS SUMMARY

CITY OF ANAHEIM HOUSING PROGRAM SUMMARY

A. HOUSING PROGRAMS IN THE PROCESS OF BEING IMPLEMENTED

Assessment

1. Neighbor- hood Clean up Campaigns

The City regularly provided dumpsters upon request to eligible owners in CDBG target areas through the rebate program.

In key areas the City has periodically sponsored clean up efforts through direct payment for dumpsters.

2. Youth Paint and Pick up

Program ended in 1984.

3. Code Enforcement

The City employs 11 code enforcement officers, three of which are financed through CDBG funds to conduct inspections and respond to complaints in target areas.

Approximately 5,600 housing units were inspected for the period 1987 - 1988. Annual average each year has been 3,668.

Continuing Programs

The cost of dumpsters will continue to be partially reimbursed through the rebate and tool rental program to eligible investors and homeowners.

The program may be expanded to newly revised target areas.

In conjunction with regular clean up efforts the City through the neighborhood councils, will organize and support a neighborhood beautification program in 1989-90. City support will include staff organizing and continued financing through CDBG and tax increment funds of targeted cleanup efforts.

Program terminated due to discontinuance of related manpower (JTPA) Program.

The City anticipates the continuation of the targeted code enforcement effort financed through CDBG. Code enforcement efforts will be further targeted on a proactive basis to selected areas within existing and proposed target areas.

A specific strategy of this Element will be to link code enforcement with expanded neighborhood clean up incentives. This effort will be undertaken on a phased basis. The initial area of concentration will be selected from those identified in the Housing Element as Major Rehabilitation areas.

4. Rebates

The City continues to provide rebates to homeowners and investors in the CDBG target areas. In 1988 the City financed 119 rebates for owners for interior and exterior repairs.

The rebate program will continue to be operated using both CDBG and Tax Increment monies. Changes in the program may include the following

- a) expansion of the program to newly proposed target areas in later years,
- b) increasing dollar amounts available to eligible owner,
- c) revising the criteria limiting use of the rebate program to no more than once in the life of the program,
- d) emphasizing exterior improvements including but not limited to landscaping, fencing, exterior painting, and other visual property improvements.

Additionally the rebate program will be marketed as part of the incentive package offered to investors in selected strategy areas needing significant improvements.

5. Deferred Loans

The City continues to offer deferred payment loans to Very Low and Low Income homeowners in target areas for major rehabilitation. The average loan was \$16,300. 11 loans were financed in 1988-1989.

This effort will be continued. The City anticipates financing 20 - 25 loans per year.

The deferred payment loan program will be further targeted through intense marketing within CDBG areas to specific blocks which have been identified as priorities for neighborhood revitalization. These areas will be phased in each year as resources permit.

6. Housing Repair

Program Discontinued in 1984.

Related manpower program was terminated in 1984.

7. Low
Interest Loan
(Homeowner)

The City provided direct and leveraged loans to eligible homeowners both inside and outside target areas using CDBG funds. To date 136 homes have been rehabilitated through this loan program. Loan limits and financing techniques were adjusted during 1984 - 1988 to maximize resources and insure sufficient funding to fully rehabilitate each home which received financing.

The City anticipates the continuation of this program with the following changes and enhancements:

- a) potential use of 20% set aside monies to partially subsidize the cost of rehabilitation through an interest subsidy or principal reduction technique for homeowner in selected target areas. This will be targeted to households and uses which are not block grant eligible (e.g. homeowners whose income is between 80 - 120% of median) but are critical to neighborhood revitalization.
- b) selected marketing to specific blocks to help stabilize new development and preserve neighborhoods (areas will be prioritized beginning with neighborhoods in direct proximity to the downtown).
- c) revised loan limits and terms.
- d) pursue new leveraging agreements with local lenders such as El Camino Bank.
- e) explore the possibility of tax exempt bond proceeds for single family owner occupied lending to households not currently served with existing programs.

Multifamily
Rehabilitation

The City has operated a very active targeted rental rehabilitation effort since the update to the Element in 1984. Low interest and deferred payment loans have been provided to investors of projects ranging from single unit buildings to a loan of approximately \$2,300,000 for a 394 unit project. Sources of financing have included Rental Rehabilitation Grant Funds, CDBG and Housing Authority Reserves. A total of 658 units have been financed as of December 1988. All funds were targeted to properties which continue to be occupied by low and very low income tenants. To the extent allowed by law these properties are continuously affordable. In many cases units are occupied by Section 8 certificate or voucher holders.

The City will continue to operate a tailored loan program using CDBG, RRP and (potentially) tax increment 20% set aside funds for specific areas in proximity to single family effort and recently complete multifamily rehabilitation.

For investment property, loan terms and conditions are typically tailored to the economic requirements of each project. Rehabilitation financing will be meshed with regulatory techniques and owner incentives to insure long term maintenance, encourage on-site management and reduce overcrowding. The City is currently exploring establishing in very selected areas a Property Management Assistance Program.

9. CHFA-HOHI

Program was completed by CHFA in 1981.

No activity is anticipated.

10. Moderate
Rehabilitation

The Authority completed rehabilitation of the last Moderate Rehabilitation contract awarded to the City/Authority in 1985.

The Authority may pursue Moderate Rehabilitation Section 8 Authority as a resource to use in conjunction with acquisition and rehabilitation of areas designed for Major Rehabilitation in this Element. If Moderate Rehabilitation Section 8 Certificates are available they will be used in conjunction with efforts to alleviate overcrowding and to insure overall long term property maintenance as well as housing stock improvement and continued affordability.

11. Sect. 312

Activity was limited to loans totaling \$18,000. No activity since 1985.

No activity is anticipated.

12.
Acquisition
with Rehabili-
tation
(Homeowner-
ship)

The City and the
Redevelopment Agency
provided assistance to new
property owners using two
distinct approaches to
acquisition and rehabilitation
in the period 1984 - 1988.

The City and the Agency anticipate
continuing both direct and new owner
acquisition and rehabilitation of selected
properties in the Redevelopment Project
area for first time homebuyers whose
households are below 120% of median.
Permanent second mortgages for acquisition
and rehabilitation assistance will be
provided by the Agency using tax increment
revenues.

a) The Agency provided
financing and assisted
homeowners to acquire
and rehabilitate or to
acquire and move existing
single family homes
which were identified as
significant within the
project ALPHA
redevelopment area.
Borrower obtained
conventional take out
financing. The agency
provided second
mortgages to assist in the
rehabilitation. This effort
preserved existing single
family homeownership
opportunities of homes,
which were suitable for
rehabilitation and/or
historically significant.

b) The Agency directly
acquired and moved or
rehabilitated selected
properties in place.
Properties which were
located in the residential
areas of the
Redevelopment Project
Area were then sold to
homeowners with a
combination of private
conventional and agency
financing.

Multifamily)

The City provided tax exempt financing and a second mortgage to a developer of 94 buildings (totalling 394 units) for acquisition and rehabilitation of mixed income multifamily rental housing. At least 20% of the units will be continuously affordable to and occupied by households at 50% of median income and 5% of the units will be continuously affordable to and occupied by households at 80% of median income for 30 years. This project (Park Vista) represented the completion of the overall revitalization of a significantly blighted area with substantial overcrowding. Those residents who were unable to reoccupy units upon completion due to substantial overcrowding of units were provided relocation assistance as required under state and federal law.

The City expects to build upon its experience with the Park Vista project by identifying key multifamily parcels and areas for acquisition by new owners, facilitating attractive primary financing (which may be either taxable or tax exempt), providing second mortgage financing for rehabilitation and supporting strategies for on-site management. Due to the extensive number of areas requiring assistance, the City expects to very selectively target this effort and to work in areas where very low and low income tenants are involved and committed to the effort as in Park Vista.

13.
Acquisition
with
Replacement

The City/Agency/Authority developed 20 units of infill new construction in the Patt Street area to remove blight and to provide homeownership opportunities for lower income households the City and acted as the developer in the case of one project.

The City expects to use a similar approach in selected contiguous areas to facilitate replacement of very deteriorated stock. The City will facilitate private acquisition and replacement rather than as the development. New townhouses and low density single family residences for first time home buyers will be encouraged. Activities may include predevelopment loan for land assemblage and construction by private developers and second mortgage assistance to first time homebuyers who agree to reside in the new units. Tax increment set aside monies will be used for this effort in conjunction with either conventional financing and mortgage credit certificates or tax exempt bonds to the extent that an allocation can be obtained from California Debt Limit Allocation Commission (CDLAC).

14. .
Neighborhood
Improvement

Park Facilities - Through the CDBG Program, almost one million dollars (\$966,100) has been expended since 1984 to make needed improvements to park facilities, including the downtown neighborhood center that serves as the base for social service delivery in our city, and the senior citizen center. Scheduled for the current year are additional improvements to the George Washington Community Center and the reconstruction of restrooms on the west side of Pearson Park; the extension of the block wall at Julianna Park. These needed improvements are identified by Parks staff and concurred by area residents at local neighborhood meetings.

Public Improvements - Public Improvement type activities in targeted areas have utilized over \$3 million in CDBG funds over the last four years (since 1984). These activities include the construction of storm drains, street reconstruction, sidewalk and curb construction, installation of street lights, traffic control equipment. Scheduled for the current and next fiscal year are the following activities: construction of a storm drain at Audre and Ninth Street; construction of handicap ramps in Patrick Henry neighborhood area.

PARK FACILITIES IMPROVEMENTS:

- La Palma Park Improvements \$110,000
(restrooms, lights, BBQ area)
- Pearson Park Improvements \$147,100
(Lagoon, Amphitheater, Restrooms)
- Ponderosa Park Improvements \$199,000 (play area, restrooms)
- Manzanita Park Redevelopment (Ctr. Exp., Play Area, Berms) \$506,000
- Little People's Park Redevelopment (Exp., play area) \$146,000
- Stoddard Park Improvements \$4,500

PUBLIC WORKS IMPROVEMENTS:

- Street Const./Reconst. \$775,700
- Storm Drain Construction \$2,004,700
- Sidewalk Construction \$144,900
- Other (Street Lights/Walls/Traffic Equipment) \$103,000

The City has already scheduled the following improvements for 1989 - 1990. Each year additional improvements will be budgeted based upon availability of funds.

SCHEDULED PARK FACILITIES IMPROVEMENTS: (1988 - 1989)

- GWCC Improvements \$25,000
- Pearson Park Restroom Const. \$80,000

PROPOSED PUBLIC IMPROVEMENTS
(1989- 1990)

The City will implement at least two new beautification efforts in the 1989-90 program year. The City financed the following neighborhood improvements in conjunction with its housing and community development efforts in target areas. One is the Alley Revitalization Project where debris and large discards are removed from alleyways, and also involves the painting of buildings and general repair of alleys. The other program to be implemented in the Streetscape Improvement Project where trees and vegetation in the form of ground cover will be planted in parkways or greenbelts.

Julianna Wall	\$5,000
Audre/Ninth Storm Drain	\$185,000
Handicap Ramps	\$5,000
Alley Revitalization	\$50,000
Streetscape Improvements	\$50,000

15. Land
Acquisition/
Write Down

Between 1984 - 1988 the Authority utilized its legal authority to purchase publicly owned land at fair market value for the development of new mixed income and affordable rental housing for the following projects.

It is the intent of the City/Authority to continue to use its legal authority and financial resources, including CDBG and tax increment, to option land for disposition for affordable and moderate income housing. Evaluation and selection of sites will be continuous. It is anticipated that the City/Authority will facilitate the construction of approximately 100 units annually at least 25% of which will be affordable to very low income tenants. Sites and potential uses will be selected carefully in order to insure that proposed uses are compatible with surrounding uses. Special attention will be paid to single family homeownership and multifamily family housing for sites as available.

- a) Heritage Village,
(Elderly) 196 units.
25% of units set aside for
very low income tenants
at 30% of 50% of median
for 30 years (completed
in 1987).
- b) Sage Park (Elderly) 100
units. 25% of units set
aside for very low income
tenants at 30% of 50% of
median income for 30
years (completed 1988).
- c) Anaheim Memorial Manor
(Elderly) 202 financed
project on Redevelopment
Agency site (completed in
1989). 75 units of very
low income elderly
housing.
- d) Heritage Park (Elderly)
94 units financed in part
by RHCP - State of
California - 39 units are
restricted to very low and
low income tenants
(completed in 1985)
- e) Access Anaheim
(Handicapped) 202 on
City land. 40 units of
very low income housing.
As part of the Housing
Element update, the City
has identified 18 vacant
sites which may be
suitable for acquisition
for either mixed income
multifamily development,
such as those projects
described in the opposite
column, or affordable
homeownership.

- f) Brookhollow (Family)
Currently in negotiation with a developer for approximately 200 units of family housing, 25% of which will be set aside for very low income tenants at 30% of 50% of median income for 30 years with continued affordability after year 30 for very low-income tenants in residence in year 30.

16. Land Acquisition Infill/New Construction

The Authority developed 20 townhouse units which were sold to lower income residents using second loans from the Authority. Each unit is deed restricted to insure continued homeownership and occupancy by lower income households for at least 30 years.

As discussed in #13, the City and Agency expect to provide a series of financial incentives to private developers so as to encourage development of townhouses and single family homes for first time homebuyers on selected properties contiguous to downtown.

17. Land Use Element and Zoning Ordinance

The City has provided and expects to continue to provide housing choice through its land use, zoning, and development controls. An illustration of this effort is the extensive use of the Senior Ordinance and Density Bonus program which are discussed further in #22.

The element proposes the examination of several zoning and land use revisions to insure continued provision of housing opportunities through land use planning and zoning.

18. Section 8 Existing Program

The Authority currently provides rental assistance to approximately 2,700 households under the Section 8 Housing Assistance Programs: Existing, Moderate Rehabilitation, Vouchers and After Care.

Assuming continued federal authorization, the Authority will continue to operate and seek additional allocations of Section 8 Authority.

19. Rent
Stabilization

The City, Agency, and Authority have operated a number of programs which require continued occupancy and rent affordability for very low and low income renters and low and moderate income homeowners.

In the majority of cases financing, land acquisition assistance or zoning incentives have been coupled with long term recorded rent and occupancy controls.

Given economic feasibility, neighborhood revitalization objectives and statutory constraints, the City will continue to use programmatic incentives to encourage long term affordability.

20. Sect. 235
Homeownership

No activity: Federal Program discontinued in early 1980's.

No activity anticipated.

21. Section 8
New Construction

No activity: Federal Program discontinued in 1983.

No activity anticipated.

In addition to the land acquisition and City/Authority-sponsored new developments which were outlined in #13, 15, 16, and 18 above, the City has operated Senior Ordinance and Density Bonus Programs which (as of March 31, 1989) have collectively resulted in the approval of:

- a) 377 affordable homeowner units,
- b) 639 elderly units occupied by households at or below 50% of median at rents based on 30% of 50% of median, adjusted for household size for 30 years.
- c) 335 affordable family units occupied by households at or below 80% of median, at rents based on 30% of 65% of median, adjusted for household size for 15 years.

The City financed through the use of tax exempt bonds, 3 elderly projects totaling 396 units, one convalescent hospital with 138 beds, one family project of 130 units and one acquisition and rehabilitation of 384 units (family projects). In all cases these projects provided affordability in excess of federal and state use restrictions for tax exempt financing.

The City and Authority expect to continue encouraging the production of new affordable rental and owner occupied housing through the Density Bonus and Senior Ordinance. Some modification to these efforts are anticipated including:

- a) inclusion of design guidelines for density bonus projects to insure neighborhood compatibility and tenant quality of life,
- b) extension of the term of affordability from 15 to 30 years for family projects,
- c) targeting this resource to projects with a minimum number of units to insure neighborhood compatibility and quality long term on-site management,
- d) annual program review and modifications, and
- e) linkage of Density Bonus units with related City programs such as the Shared Housing Program.

The County financed one 16 unit elderly project and three family projects totalling 86 units located in Anaheim.

The City provided secondary financing for 20 residents of the Cherokee Mobile Home Park to assist them in acquiring shares in the ownership of their space when the park was converted. This effort was coordinated with state HCD.

- | | | |
|-----------------------------|---|---|
| 23. Fair Housing | The City/Authority continued to contract with the Orange County Fair Housing Council to provide assistance and education for Anaheim residents on fair housing issues. | The City expects to continue to provide CDBG financing to the Orange County Fair Housing Council for fair housing assistance and tenant/landlord education for Anaheim residents. |
| 24. Spatial Deconcentration | In addition to the Section 8 Program many of the new affordable housing programs discussed above have provided affordable housing opportunities to very low and low income residents in areas outside of target areas. The majority of the Density Bonus and Senior Ordinance units are in mixed income projects located in newly developing areas of the City. | The City has and will continue to seek housing opportunities through the acquisition and development of vacant land and the Density Bonus/Senior Ordinance Programs outside impacted areas. Separately the City intends to stimulate homeownership for first time homebuyers as well as concentrated rehabilitation in impacted areas. |
| 25. Special Counseling | The Authority employs a full time counselor whose sole responsibility is to provide counseling linked with extensive use of other social services for individuals requiring special assistance related to obtaining and retaining housing. | <p>In addition to continuing the efforts which are described in the left hand column the City and the Authority are considering:</p> <ul style="list-style-type: none"> a) expanding counseling and Shared Housing Program staff, b) considering the development tenant assistance loan/grant program to assist prospective tenants with funding large security deposits and initial rent requirements, and |

- c) structuring a pilot effort which links new affordable housing opportunities with Section 8 tenants whose incomes have increased to between 50% - 80% of median.

This effort is linked with the Shared Housing Program which also provides counseling in conjunction with matching households seeking housing.

The City also provided financial and programmatic support to the Anaheim Interfaith Shelter, Inc., and the Neighborhood Improvement Program which provide special counseling.

26. Barrier Removal

Removal of barriers in housing structures continues as property owners request it through our neighborhood preservation programs.

Additionally, handicap access ramps are to be constructed at 8-10 corners on the east end of Romneya Drive in the Patrick Henry Neighborhood Target Area.

27. Implementation of AB1151 and Senior Citizen CUP Ordinance.

As discussed in #22, the City has implemented an active Density Bonus and Senior Citizens CUP ordinance which has stimulated the development of over 1,000 family and elderly units.

See #22

28. Shared Equity

No Program Activity.

No Program Activity.

29. Shared Housing

The City's Shared Housing Program has continued to exceed all expectations matching an average of 125 households annually in 1987-1988, and 88-89. The program emphasis has been expanded to include not only elderly but families and other single individuals.

The City through the Authority expects to continue this program and also to formalize the coordination between the Shared Housing Program, homeless housing counseling through Anaheim Interfaith Shelter, Inc., the Density Bonus/Senior Ordinance unit referral system and the special counseling effort.

B. HOUSING PROGRAMS TO BE IMPLEMENTED

- | | | |
|--|--|--|
| 1. Substantial Rehabilitation | The Section 8 Substantial Rehabilitation Program was discontinued by HUD in 1983. | While the City has and will continue to provide financial assistance for rental projects requiring substantial rehabilitation these efforts are being undertaken with other resources as described in #15 above. |
| 2. Acquisition with Rehabilitation | No funding was received from HUD for public housing. | No publicly owned housing is contemplated given current available resources. The City/Authority will continue to facilitate for profit and not for profit acquisition and rehabilitation as described previously. |
| 3. Residential Rehabilitation - Marks Foran and other statewide bond financing | No funding was available. | The City anticipates the use of tax exempt bond funding on an individual project basis as in the case of the Park Vista project for the acquisition and rehabilitation of selected deteriorated rental properties. |
| 4. "Pre-Selecting" Affordable Housing Sites | See #15 and #22 | See #15 and #22. |
| 5. Site Inventories | The City has developed and updated its system for identifying prospective vacant sites for affordable housing development. Several of these sites have been developed as has been described previously | As part of this Element a new revised inventory has been developed and several of the sites have already been evaluated. The City will continue to use this process to identify and secure potential sites for both affordable homeownership and mixed income rental development.

It is expected that approximately 100 units will be developed annually from this inventory. |
| 6. Second Units | The City completed ordinance revisions in 1984 to provide for second unit development. The use of this technique has been modest. | While provisions for second unit construction are available through zoning ordinances, given recent experience, it is not expected that extensive use of the option will occur. Given the extensive production of new units and the demand for rehabilitation of existing units stimulating production of second units is a low priority. |

7. Residential/ Commercial Development	No activity by the City or Agency.	The Agency is currently pursuing mixed use residential in the downtown.
8. Condominium Conversions	The City has discouraged conversion due to the potential impact on existing residents. One project, Brookhurst Village, was converted with some continued affordability.	The City has no plans to facilitate conversion except to the extent existing tenants are protected.
9. CHFA Direct Lending	The City employed CHFA financing for several projects in the mid 1980's. Beginning in 1985 the Authority on behalf of the City began issuing tax exempt financing directly. Since 1985 the City has issued bonds for 5 projects totalling approximately 900 units plus one residential care facility.	The City anticipates continuing tax exempt financing for rental development. Bonds may be issued by either CHFA or the City. Given recent use it is expected that the Authority will finance one project annually of at least 100 units.
10. Section 202 Elderly Housing	Since 1984, the City and the Redevelopment Agency have worked with two nonprofit sponsors in obtaining financing for a total of 115 units of very low income elderly and handicapped.	The City will continue to support all viable nonprofit entities seeking 202 funding although given the recent Anaheim allocation, it is not expected that projects in this area will be competitive for sometime.
11. Cooperative Housing	No cooperative housing was developed, however, the City did assist in the tenant buyout and conversion of one mobile home park now owned by a nonprofit composed of tenant members.	The City has financed preliminary study of options for improvement of a neighborhood known as Jeffery Lynn. This study is currently being prepared by consultants selected by the tenant residents.

**12. Graduated
Payment
Mortgages**

No formal use by the City although homeowners who have purchased homes through the Density bonus program have used a full array of both taxable and tax exempt loan programs offered by the County of Orange and conventional private lenders.

The City anticipates the implementation of a first time homebuyer second mortgage program in 1989-90 using tax increment monies. Such a program will be linked to the most suitable tax exempt or taxable primary mortgage technique which may include GPM's.

**13. Public
Housing**

No funding

Depending on available funding the City may consider public housing.

C. HOUSING PROGRAMS WHICH NEED FURTHER STUDY

1. Rent Stabilization	The City continues to use incentive based programs to encourage and require rent affordability.	No overall rent stabilization is currently anticipated.
2. Tax exempt financing for single family and multi family rehabilitation	<p>Prior to the fall of 1985, the City worked with the County of Orange and CHFA in the use of tax exempt bond proceeds. Bond proceeds were used to assist first the homebuyers and new multifamily rental developers.</p> <p>Beginning in the fall of 1985 the City/Authority began directly issuing multifamily tax exempt bonds directly. Since that time the Authority has issued bonds for 6 projects.</p>	Tax exempt financing to the extent state allocation and bond authority is available, will be an integral resource in financing a new affordable mixed income rental housing. The Authority anticipates financing an average of one project annually.
3. Fair Housing for Children	The City has pursued a very aggressive interpretation of occupancy standards with HUD for the Section 8 program to insure maximum occupancy by families with children in the units.	The City will continue within the limits of local and federal restrictions regarding occupancy standards.

APPENDIX B

APPENDIX B

DEVELOPMENT FEES

(Excludes Normal Filing and Processing Fees)

Park In-Lieu Fees	Single-family	\$3,329.21 per dwelling unit
	Condos	2,451.51
	Multi-family	2,239.65
	Mobilehomes	1,715.05
Street Lighting Assessment	\$6.00 per linear foot of street frontage	
Tree Planting	\$1.65 per linear foot of street frontage	
Traffic Signal Assessment	\$72.00 per dwelling unit	
Drainage Assessment	Various depending upon location (\$1,000-5,000)	
Water (Primary Main) on newly developed properties	\$2,225.00 per acre	
Water (Secondary Main) Infill	Varies based on proportionate share to upgrade system, if necessary	
Sewer Assessment	Varies - \$250.00/acre to \$1,165/lot*	
Sanitation	\$1,500/dwelling unit	
School	Approximately \$1.50 per square foot, but varies with school district	

Source: Planning Department, City of Anaheim, July 1989.

* It can vary this much even in the area west of State College depending upon which assessment district the parcel is in.

APPENDIX C

SITE SURVEY SUMMARY

In completing the City of Anaheim's Land Inventory Survey, many sites were identified that will provide a variety of housing opportunities. The goal of the Site Survey is to identify an adequate number of potential housing sites for the projected increase in the City's population. Our findings show that within the City there are potential sites available for housing development that more than adequately meet the projected housing needs as presented on Page 16 of the Housing Element. Below is a chart showing the projected housing unit needs, and the estimated number of units which could be developed on the identified sites.

<u>Income Group</u>	<u>Projected Need/ Units</u> (See Page 16 of Housing Element)	<u>Potential Housing Sites/ Estimated Units</u>
Very Low and Low	3,533	3,538
Moderate and Above	4,699	5,483
Total	8,232	9,021

In order to determine which sites under the multiple family and rental category would allow for greater density, the land usage surrounding each of the sites were evaluated. The density ranged from 18 to 36 units per acre. It is important to note that although only one site was identified as a possible mobilehome park, mobilehomes and manufactured homes are permitted on any of the residential sites identified. A density range was not given for the site identified as an emergency shelter because these do not correlate to normal "units per acre" identification.

Under Government Code 65915, the City of Anaheim does permit a developer to increase the permitted density by 25% providing a percentage of the units are designated as affordable (in conformance with California Government Code Section 65915 Density Bonuses). The properties identified as currently nonresidential are sites where the density could be increased by use of the density bonus, therefore, assuring the City affordable units. Discussions to develop these sites are underway and the development of affordable projects is anticipated.

APPENDIX C - INVENTORY OF VACANT SITES
(AND OTHER UNDER UTILIZED PARCELS OF LAND)

<u>Zoning/Permitted Housing Type</u>	<u>Number of Acres</u>	<u>Density Range (Units/ Acre)</u>	<u>Availability of Services & Facilities (e.g., Infrastructure)</u>	<u>Dwelling Unit Capacity</u>
Single Family	369.5	6U/AC	* Services Available	5,444
Multiple- Family & Rental	102.66	18U/AC 36U/AC	Services Available	2,310
Mobilehomes, Mfg. housing, Mobilehome Parks	1.72	16U/AC	Services Available	27
Emergency Shelter or Transitional Housing	1.73	N/A	Services Available	247
Sites with Residential Redevelopment Potential (within time frame of element)	23.73	16U/AC	Services Available	390
Currently Non-residential	13.30	45U/AC	Services Available	603
Other				
TOTAL				9,021

* The basic infrastructure is existing in the hill and canyon specific plan areas (primarily new single family housing area). When housing projects are developed, a Development Agreement is entered into between the City and developer. The Development Agreement and Public Facilities Plan ensures that any additional major facilities, e.g., police stations, schools, fire stations, and necessary infrastructure needs will be addressed at the time of development.

SINGLE FAMILY

<u>Location</u>	<u>Size</u>	<u>Current Zone</u>	<u>Context and Notes</u>
1.	369.5 Ac.	HLMD	Property located in East Anaheim Ranch area.

MULTIPLE FAMILY AND RENTAL

<u>Location</u>	<u>Size</u>	<u>Current Zoning</u>	<u>Context and Notes</u>
2.	2.7 Ac.	RS-A-43,000 (2 lots)	Fronts on Ball Road. Single family development along rear.
3.	9.5 Ac.	RS-A-43,000	Currently agricultural, may be slated for hospital expansion. Property on Orange Ave., west of Beach Blvd.
4. a.	5.5 Ac.	RS-A-43,000 (2 lots)	a. Currently a nursery.
b.	1.8 Ac.	RS-A-43,000	b. Currently agriculture. Lots are located off Ball Rd. between Dale Ave. and Magnolia Ave.
5.	5.8 Ac.	CL	Rear portion of Dow's shopping center. Possible existing parking. Single family development to south. Small portion of property on Lincoln Ave. east of Brookhurst.
6.	2.8 Ac.	RS-A-43,000 (2 lots)	Adjoins park and single family development. Property on Empire Ave. just north of Chalet Ave.
7.	9.8 Ac.	RS-A-43,000	Vacant portion of Anaheim Shores Mobilehome Park. Site is west of Euclid St. on Medical Center Dr.

MULTIPLE FAMILY AND RENTAL - (cont'd)

Page 2

<u>Location</u>	<u>Size</u>	<u>Current Zoning</u>	<u>Context and Notes</u>
8.	2.4 Ac.	CL	Site belongs to auto dealership. Property is on Lincoln Ave. west of Euclid St.
9.	2.2 Ac.	CL	Vacant lot not on city records. May be an upgrade or approved project. Property on corner of Katella Ave. and Euclid St.
10.	2.7 Ac.	CL (2 lots)	Portion of site occupied by McDonalds. Possible acquisition problems. Property fronts Euclid St. just north of the Orange County Flood Control District.
11.	5.8 Ac.	CL	Uncertain status of site. Property on corner of Anaheim Blvd. and Lemon St.
12.	2.4 Ac.	CL	Single family development opposite Anaheim Boulevard. Property on corner of Anaheim Blvd. and Vermont Ave.
13.	7.2 Ac.	ML	Presently agricultural. Adjacent to railway line on west. Site faces Santa Ana St. west of East St.

<u>Location</u>	<u>Size</u>	<u>Current Zoning</u>	<u>Context and Notes</u>
14.	9.7 Ac.	Boysen Park	Listed as currently vacant. Surrounded by park and single family development. Site is off State College Blvd. South of Vermont Ave. slated for possible park expansion.
15.	5.77 Ac.	RS-A-43,000	Currently single family homes and vacant land. Property on the corner of Ball Road and Western Avenue surrounding multifamily apartments.
16.	2.69 Ac.	RS-A-43,000	Currently a church. Fronts Dale Ave. on the corner of Dale Ave. and Ball Rd.
17.	6.06 Ac.	RS-A-43,000	Currently a church fronts Magnolia St. Multifamily apartments and condominiums on the North and South sides of the property.
18.	8.27 Ac.	RS-A-43,000	Currently a church on the corner of Cypress and East Streets.
19.	5.2 Ac.	RS-A-43,000	Currently single family residences and church. Property surrounds multifamily apartments. Property on the corner of Ball Rd. and Western.

MULTIPLE FAMILY AND RENTAL - (cont'd)

Page 3

<u>Location</u>	<u>Size</u>	<u>Current Zoning</u>	<u>Context and Notes</u>
20.	2.59 Ac.	RM-1200	Property fronts Frontera St. just east of Park Vista St. Currently has oil wells operating on the property.
21.	1.78 Ac.	RM-1200	Property fronts Jackson Ave. just east of Park Vista St. Currently has oil wells operating on the property.

IM-A-2
5/31/90

MOBILEHOMES, MANUFACTURED HOUSING, MOBILEHOME PARK

<u>Location</u>	<u>Size</u>	<u>Current Zoning</u>	<u>Context and Notes</u>
22.	1.72 Ac.	General Commerical	Property is located on Dale Ave. just South of Lincoln Ave.

EMERGENCY SHELTER OR TRANSITIONAL HOUSING

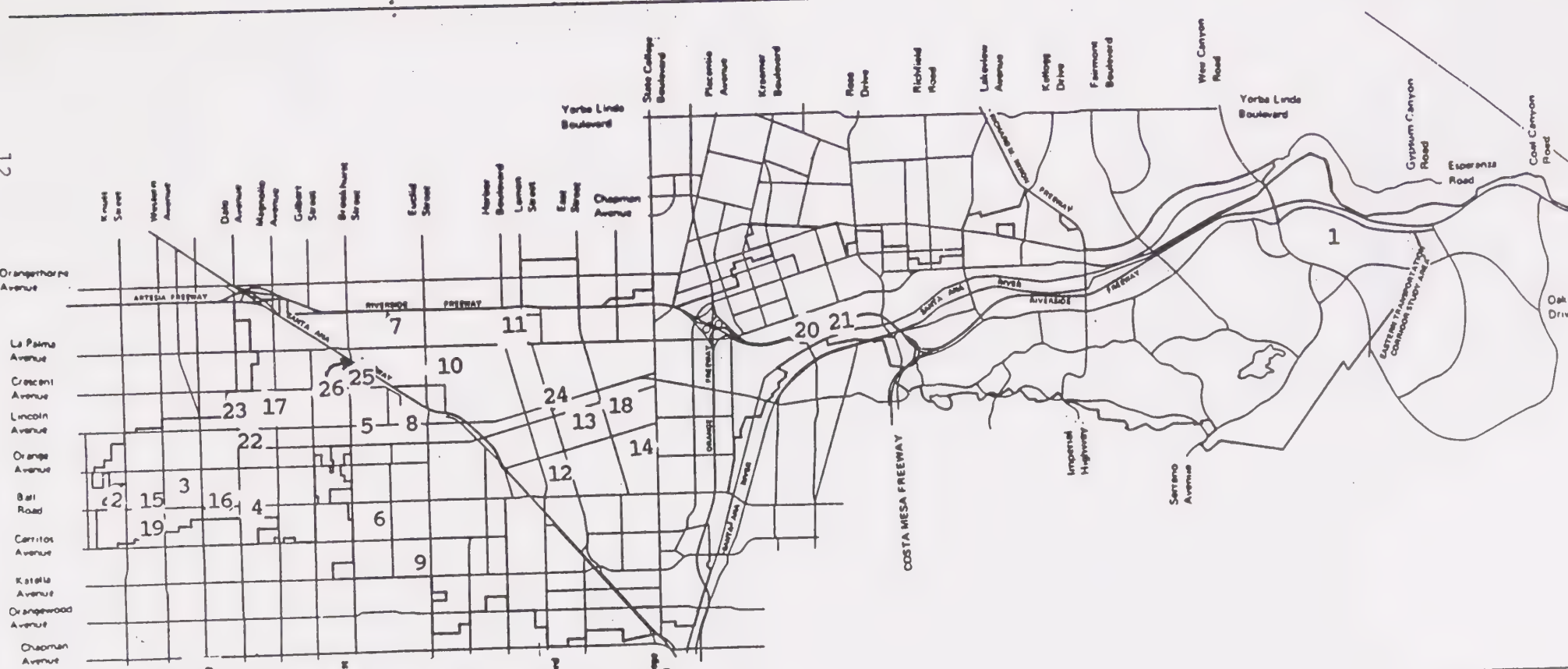
<u>Location</u>	<u>Size</u>	<u>Current Zoning</u>	<u>Context and Notes</u>
23.	1.73 Ac.	Commercial	Property located at 2748 W. Lincoln. Currently operating as a hotel.

SITE WITH RESIDENTIAL REDEVELOPMENT POTENTIAL

<u>Location</u>	<u>Size</u>	<u>Current Zoning</u>	<u>Context and Notes</u>
24.	23.73 Ac.	RM-1200	Property located on the corner of Lincoln Ave. and Olive St.

CURRENTLY NON-RESIDENTIAL

<u>Location</u>	<u>Size</u>	<u>Current Zoning</u>	<u>Context and Notes</u>
25.	5.8 Ac.	RM-1200	Property located on the Northeast corner of Brookhurst St. and Crescent Ave.
26.	7.5 Ac.	Industrial	Property located on the Northeast corner of Brookhurst St. and Crescent Ave.



APPENDIX D

**CITY OF ANAHEIM
HOUSING ELEMENT AMENDMENT
Assessment of the Preservation of
Assisted Housing Developments
in the City of Anaheim**

June 1992

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I. INTRODUCTION

Appendix D of the City of Anaheim 1989 Housing Element has been prepared to address housing projects at risk of losing affordability controls during a ten year planning period. The planning period corresponds with the 5 year planning period of the 1989 Housing Element; July 1, 1989 through June 30, 1994; and an additional 5 year period from July 1, 1994 through June 30, 1999.

As a result of recent state legislation (SB1019), Government Code Section 65302(c) requires the preparation of a Housing Element as part of a jurisdiction's General Plan. The City of Anaheim adopted their Housing Element in 1989 and amended the element in 1990, pursuant to Section 65302(c). The Element was reviewed by the Planning Commission, adopted by the City Council and subsequently reviewed by the State of California Department of Housing and Community Development. The Housing Element was found to be in compliance with Housing Element Law (Article 10.6 of the Government Code).

In 1989 an amendment to State Planning Law (Chapter 145, Statutes of 1989, Amended Section 65583 of the Government Code) was passed which mandated that an analysis and program for preserving low income housing be completed by cities and counties. The purpose of the Housing Element General Plan Amendment No. 328 is to complete an assessment of the preservation of assisted housing developments in the City of Anaheim. State law requires that this mandatory inventory and analysis be adopted as an amendment to the City Housing Element before July 1, 1992. The Housing Element Amendment is drafted to be inserted in the existing Housing Element as Appendix D.

II. INVENTORY DISCUSSION

According the Section 65583(a)(8) the inventory shall include all multi-family rental units which are assisted under any number of Federal Department of Housing and Urban Development (HUD), state, local and/or other programs, and which are:

- Eligible to change to non-low income housing uses due to termination of subsidy contract, mortgage prepayment, or expiring use restrictions; and
- Eligible within the ten year period following the statutory adoption of the Housing Element Amendment.

The inventory of these affected units is shown in Table 1.

TABLE I
CITY OF ANAHEIM
ASSISTED HOUSING INVENTORY-ANAHEIM
UNITS AT RISK OR CONVERSION FROM JULY 1, 1994 THROUGH JULY 1, 1999

Project Name Address (Incl. Zip)	Owner Name/Address Tel. #	Type(s) of Gov't Assist.	# of Sect. 8 Contracts	Type/Length of Afford. Controls	Earliest Potential Conversion Date	# of Units Total	# of AFFD Units	Tenant Type (Eld, Fam.)	Bedroom Mix	Date Built	Condition
Village Center 200 E. Center St. Anaheim 92805	Shappell 8383 Wilshire Suite 700 Beverly Hills CA 90271 213-655-7330	Section 8 New Construction	100	20 yrs. - Section 8 New Construction	3-24-94	100	100	Elderly	1 Bd. - 100	3/79	Good
Harborcliffe 2170 S. Harbor Anaheim 92801	John Damm 3762 Ragtime Cir. Huntington Beach CA 92649 714-840-1100	Tax Exempt Financing	0	10 yrs. - Tax Exempt Financing	7/96	130	26	Family	0 Bd. - 26 1 Bd. - 30 2 Bd. - 74	7/86	Very Good
South Ohio Street Apts 205 S. Ohio St. Anaheim 92805	William King % R.K. Properties 3737 E. Broadway Long Beach CA 90803 213-434-8435	Tax Exempt Financing	0	10 yrs. - Tax Exempt Financing	7/96	24	5	Family	2 Bd. - 24	6/86	Good
Lincoln Court Apts 2570 W. Lincoln Anaheim 92801	K.C. Chang Lincolnolla 1779 Colonial Ave Anaheim CA 92804 714-637-2377	Tax Exempt Financing	0	10 yrs. - Tax Exempt Financing	5/96	32	7	Family	1 Bd. - 8 2 Bd. - 24	3/86	Very Good
Westport Villas 2300 Westport Dr. Anaheim 92806	BACS Dev./Neumayer Family Trust % L'Abri Properties 8141 E. 2nd St. Suite 500 Downey CA 90241 213-861-9294	Tax Exempt Financing	0	10 yrs. - Tax Exempt Financing	2/96	30	6	Family	0 Bd. - 3 1 Bd. - 18 2 Bd. - 9	1/86	Good
127 W. Cypress Anaheim 92805	Addis/Barth % Frank Addis 7 Sunrise Irvine CA 92720 714-720-0330	Tax Exempt Financing	0	10 yrs. - Tax Exempt Financing	3/95	20	4	Elderly	1 Bd. - 20	2/85	Good
West Anaheim Royale 641 S. Beach Blvd. Anaheim 92804	Goldrich & Kest 5150 Overland Ave Culver City CA 90231 213-204-2050	Tax Exempt Financing	0	10 yrs. - Tax Exempt Financing	3/99	100	20	Elderly	0 Bd. - 100	7/88	Very Good

Total Units At Risk 168

Sources: In order to assess the projects which could potentially convert to non-low income housing by loss of subsidies, use restrictions, Federal contracts, etc., several sources were used. For Federally Subsidized or Assisted projects the 1990 updated Inventory of Federally Subsidized Rental Units at Risk of Conversion prepared by the California Housing Partnership Corporation, the California Coalition of Rural Housing and the California Department of Housing and Community Development was utilized. The Village Center Apartments Project is the only project at risk of conversion during the ten year planning period which received Federal Assistance. The project utilized a FHA Section 221(D)(4) loan (New Construction) and has a Section 8 Contract renewable at five year intervals with the next optional extension due August 24, 1994.

Other sources reviewed to compile the inventory included primarily Anaheim Community Development staff involved in the on-going monitoring of affordable housing units within the City. The Community Development Department employs one full-time staff position responsible for tax-exempt bond administration of regulatory agreements (multi-family revenue bonds), as well as all other Affordable Housing agreements. The bond administration fees are sufficient to allow program monitoring of other affordable units developed under the Density Bonus Program and Senior Housing Ordinance. Therefore, an "up-to-date" inventory of all units with potential expiration of affordability terms was easily accessed through the current city data base.

PROJECTS:

Project 1:

Village Center Apartments
200 E. Chartres Street
Anaheim, Ca 92805

Name/Address of Property Owner:

Village Center Apartments
8383 Wilshire Blvd
Beverly Hills, Ca 90211

Type of Governmental
Assistance Received:

Section 221(D)(4) WAH market rate mortgage
and Section 8 New Construction Opt-Out Contract.

Earliest Possible Change
from Low-Income Use:

The Section 8 New Construction Opt-Out
Contract is up for renewal on August 24, 1994.

Total Number of Low-Income
Units that could be lost:

100

Village Center was constructed in 1979 under a 221(D)(4) market rate mortgage provided by the Federal Government. The loan was for \$2,289,600 to be paid over a 40 year period at an 8% interest rate. This loan was issued to a for-profit organization for the construction of elderly housing (WAH). WAH projects require at least one of the tenants of the unit to be 62 years of age or older. There are no prepayment penalties connected to the loan. Prepayment of the loan does not affect the use restrictions that are attached to the property.

The use restrictions for Village Center are a result of the Section 8 New Construction Opt-Out Contract (Section 8 Contract) which was attached to the property when the market rate mortgage was issued on August 15, 1979. The purpose of the Section 8 Contract is to ensure affordability of the 100 one-bedroom units as elderly housing.

The Section 8 Contract for Village Center is a typical Section 8 rent subsidy arrangement. The senior citizens pay their portion of the rent, which is 30% of their adjusted gross monthly income, to the owner or manager of the development and the Federal Government, through the Department of Housing and Urban Development (HUD) (processed by the Anaheim Housing Authority), pays the remaining 70% of the fair market rent. The Section 8 Contract is due to expire August 24, 1994. The property owner will have the option to renew the Section 8 Contract with HUD at this date for an additional 5 year term.

If the property owner determines that it is no longer in their best interest economically to continue the Section 8 Contract, then one year prior to the expiration of the Contract they are required to file a Notice of Intent (NOI) with HUD to indicate their intention of converting the units from a low-income use.

Once a NOI has been filed with HUD, there are a number of steps the property owner must go through to successfully opt-out of the Section 8 Contract. During this process HUD will offer the property owner incentives to maintain the Section 8 Contract. The incentives could potentially include refinancing their mortgage at a lower interest rate, or renegotiating the rents

charged for the units. If at any point during the process, the property owner fails to complete a step HUD has outlined as necessary for the opt-out to occur, the Section 8 Contract rolls over automatically for the additional 5 year period. If the property owner chooses to opt-out of the Section 8 Contract, this will represent a decrease of 13% of the rent restricted affordable senior housing stock in the City of Anaheim (100 of 748 affordable units).

Risk of Conversion

According to analysis and survey information obtained by the Anaheim Community Development Department, it is unlikely that in the next two years (when NOI must be filed) that the property owner will decide to opt-out of the Section 8 Contract. The current real estate market in Orange County and Southern California is not expected to substantially increase in value or market rents in the next two years. Further, a significant amount of senior housing has been constructed in Anaheim since the adoption of a senior housing ordinance in 1985 (1,842 units). Therefore, this represents a very competitive market segment. Because of other use restrictions requiring this housing project to remain available for seniors, it is clearly in the owners best economic interest to continue to participate in the Section 8 Program and receive fair market rent and a strong occupancy rate.

Cost Analysis

According to Section 65583(a)(8)(B) the cost of producing new rental housing comparable in size and rent levels to replace the units which could convert and the cost of preserving all of the developments at risk of converting must be included in the Housing Element Amendment. If these costs cannot be estimated directly it is permissible to describe whether such costs are anticipated to be higher or lower than the replacement estimates, and for what reason, as well as the magnitude of the differences in the estimates.

Replacement

In order to construct a new seniors housing project, a cost of \$64.00 per square foot of building area is estimated using Craftsman Building Cost estimator (using locational index). The project consist of approximately:

600 sq. ft. units x 100 units	=	60,000	sq. ft.
20% additional floor area (i.e., corridors)	=	<u>12,000</u>	sq. ft.
Total building area	=	72,000	sq. ft.

Project No.	6	127 W. Cypress St. Anaheim, Ca 92805	County Pooled Issue (Elderly)
Project No.	7	West Anaheim Royale 641 S. Beach Blvd. Anaheim, Ca 92804	Anaheim Housing Authority Bond Issue

All of the above bond issues with the exception of West Anaheim Royale were constructed in 1985 and 1986, and utilized pre-tax reform affordability requirements. This results in shorter term of affordability, ten years, and less restrictive affordable requirements; households earning 80% or less of the median income with rents not to exceed 30% of 65% of the median income adjusted for household size. Because project numbers 2 through 6 were constructed at relatively the same time and have identical terms and conditions of affordability, they will receive one analysis. West Anaheim Royale was constructed more recently (1988) and is a congregate care facility for the elderly with different terms and conditions of affordability from the other bond issue projects and will therefore be analyzed separately.

PROJECTS 2, 3, 4, 5, 6

Name and Address of Property Owner:	See Table 1	
Type of Governmental Assistance:	Multi-Family Tax Exempt Bond Issue	
Earliest Possible Change from Low-Income Use:	Project 2	7/96
	Project 3	7/96
	Project 4	5/96
	Project 5	2/96
	Project 6	3/95
Total Number of Low-Income Units that could be Lost:	48	

The five bond issue projects result in the potential loss of 48 lower income units. This loss of affordable units is not as significant as Project Number 1 because the affordable rent paid by the tenant is only marginally less than the market rate rent within the same project. This margin between affordable rent and market rent has been steadily reduced during the past three

years due to the surplus of available (market rate) apartment units in the area. Market rate rents have essentially leveled off since 1987 while the affordable units under the tax exempt program have been allowed annual adjustments upward. The result is a comparative rent structure between market rate and affordable rents with the affordable rents either equal to the market rents or only slightly below, say \$50.00 - \$75.00 per month less for a comparable unit.

This inequity has been addressed on newer projects in two areas: new bond issue projects have 30 year affordability, rents are established at 30 of 50% median income; occupancy limited to households not earning more than 50% of the median income; rent adjustments to be the lesser of the Section 8 annual adjustment factor or the average increase in market rate rents of similar units within the project during the preceding 12 months.

The bond units listed above may again become a valued affordable housing product if market rents escalate at more than 10% per year through the expiration of the regulatory agreements. If this were to occur, then the rent restrictions would maintain the cap on the affordable rents resulting in a truly below market rate affordable unit.

Risk of Conversion

When these regulatory agreements expire the owners will have the opportunity to convert the units to market rate units. This will likely occur and will neither have a positive nor negative economic impact on the property owner since the rental income will most likely remain constant. However, an increase in the owner's property value for the project will surely occur with the expiration of restrictions and covenants pertaining to the maximum rent charged and occupancy. It is doubtful that a public agency will be interested in maintaining the current affordability controls due to the evidenced lack of results caused by certain market conditions. However, it is possible that new affordability restrictions could be negotiated in return for a refunding of the bond issue for each project. Interest rates have decreased since the original bond issue and therefore a refunding at a lower interest rate may be an incentive to increase the terms and conditions of affordability utilizing the Housing Authority's current program.

Cost Analysis:

Replacement

A total of 48 units could be lost to conversion during the ten-year planning period which received multi-family tax exempt bond financing. The direct replacement through new

construction could be accomplished as part of one project comprised of 250 units (20 of units affordable under a new tax exempt bond issue). The 48 units would be for very low income tenants and be part of a mixed income project.

Cost of Development:

Ave. 750 sq. ft. units x 250 units	=	187,500	sq. ft.
20% additional floor area (i.e., corridors)	=	37,500	sq. ft.
Total building area:	=	225,000	sq. ft.
1) Construction cost: 225,000 sq. ft. x \$64.00	=	\$14,400,000	
2) Soft Costs (financing costs, archit., eng.)	=	2,835,000	
3) Land cost, site area: 6 acres x 750,000	=	<u>4,500,000</u>	
Total replacement cost	=	\$21,735,000	

The new construction replacement cost is \$21,735,000. Assuming land availability, medium density zoning, a developer capable of achieving a letter of credit from an "A" rated lender and sufficient equity, this project could be achieved. If bond financing is obtained the project should be self-sustaining with little or no additional subsidy by a public agency. This is a feasible alternative, however, more costly and time consuming in bringing the units to completion than the preservation alternative as discussed below.

Preservation

To preserve the 48 units in place, and to reduce the rent and occupancy income to correspond to the Housing Authority's current policy, a bond refunding could be used. The Housing Authority could reissue the full bond amount at a lower interest rate with the cost savings used to reduce rents and continue affordability for an additional 30 years. The Housing Authority has conducted one bond refunding to date for a 117 unit senior housing project which lowered the interest rate from 7.5% fixed rate to 4.5% variable rate. The cost to the Housing Authority is minimized with the owner paying all issuance fees (up to 2% of the bond amount) from the refunding amount. This appears to be the most cost effective means to continue the affordability for these 48 units while revising the terms and conditions to achieve deeper affordability. This alternative would be based on the legal authority to provide for a bond refunding. If prohibited within the bond documents, this option may be reviewed and a direct subsidy approach used as discussed in project 1.

Project 7:	West Anaheim Royale 641 S. Beach Blvd Anaheim, Ca 92804
Name/Address of Property Owner:	Goldrich and Kest 5150 Overland Ave Culver City, Ca 90231
Assistance Received:	Multi-Family Tax Exempt Revenue Bond Financing
Earliest Possible Change from Low Income Use:	March, 1999
Total Number of Low Income Units that Could be Lost:	20

The West Anaheim Royale Project differs from the other tax-exempt bond projects as the housing qualifies as a congregate care facility for the elderly. The project was constructed in 1988 and consists of 100 units of which 20 are affordable under the State Board and Care rate. The affordable rents are the lesser of the Social Security Index (SSI) Board and Care rate, or 90% of SSI rate. Current affordable rents within the project are \$660.00 per room with two occupants per room (\$330 per occupant). If this project were to convert in March of 1999, the loss of these units, which include certain board and care services, would be difficult to replace elsewhere in the City. Therefore, along with the Village Center project, this congregate care facility should be a priority for preservation activity.

Risk of Conversion

The potential conversion of these restricted units is likely to occur due to the market demand for care services. It is possible to achieve double the rent received on the restricted units if they were to convert to market rate rents, i.e., \$1,300 per room, \$650 per occupant monthly. By doubling the rent to \$1,300 per unit for 20 units the gross operating income is increased by \$12,800 per month. This creates a strong incentive to the owner to allow the expiration of the affordability terms and conditions under the regulatory agreement to occur.

Cost Analysis

Replacement

In order to replace 20 units of congregate care within the City, a land area of approximately one acre would be needed. Assuming neighborhood support, the project could be 100% affordable. The cost to construct such project would be approximately as follows:

Ave. 600 sq. ft. units x 20 units	=	12,000	sq. ft.
20% additional floor area (i.e., corridors)	=	<u>2,400</u>	sq. ft.
Total building area	=	14,400	sq. ft.
1) Construction cost: 14,400 sq. ft. x \$64.00	=	\$921,600	
2) Soft costs (financing costs, arch., eng.)	=	\$250,000	
3) Land cost, site area: 1 acre x \$750,000	=	<u>\$750,000</u>	
Total replacement cost	=	\$1,921,600	

The new construction replacement cost is \$1,921,600 or \$96,080 per unit. Again, this assumes land availability, developer interest and community acceptance. Considering these variables and the high cost of new construction, a deep subsidy by a public agency would be required to reduce the rents to the \$650 per month affordable rent level now in place in the project. For example, with the "cost to build" at \$96,080 per unit the rent level to support this debt, assuming a debt service average of 115%, is \$810 per month. If a 50% care, property management and reserve fee is added to the minimum debt service amount the rent increases to \$1,215. This is prior to receiving any developer profit which at 12% would again increase the unit rent resulting in a rent of \$1,360.

The rent needed for the new project as seen above replicates the market rents for the existing project. Therefore, it would be more efficient to work with the existing project to preserve the 20 units rather than construct 20 new units resulting in the same or additional subsidy requirement.

Preservation

Preservation is the preferred alternative for this project as discussed above. The most likely alternative for preservation would be a bond refunding as discussed for Projects 2 through 6 if legally feasible. Other alternatives may include a monthly subsidy or an up-front subsidy for a specified period of time as discussed for Project 1. Sale of the project to a non-profit is also

an alternative, however, a subsidy may still be necessary due to the costs associated with a well run and managed congregate care facility.

III. ANALYSIS OF RESOURCES FOR PRESERVATION

According to Section 65583(a)(8)(c), the Housing Element Amendment should identify public and private nonprofit corporations which have legal and managerial capacity to acquire and manage assisted housing developments. Inclusion on this list should be based on a corporation's expression of interest in acquiring and managing such projects.

Public Agency and Non Profit Corporations

The City of Anaheim operates an extensive variety of housing programs through the Housing Authority and Affordable Housing Development program. In addition to existing programs, as a resource for preservation, the Community Development Department will include the following activities:

- 1) Evaluation of legal and procedural framework for preservation of at risk units within the City.
- 2) Identification and monitoring of threatened projects.
- 3) Analysis of factors that influence an owner's decision to terminate the operation of the units at risk of converting.
- 4) Determination of the feasibility of an entity acquiring and preserving the units at risk of conversion.
- 5) Analysis of Federal, State and local financial incentives available to deter the conversion and assist with the acquisition and preservation of units at risk of conversion.
- 6) Provision of technical assistance to developers, nonprofit corporations and resident councils interested in negotiating the acquisition of units at risk of conversion.

In order to ensure the effectiveness of this resource, it is the intent of the City to identify all interested public agencies and nonprofit housing corporations that have legal and managerial capacity to acquire and manage assisted housing developments. The following groups have been included on the State Department of HCD's list of entities interested in Right of First Refusal program for Orange County:

- 1) H.O.M.E.S. Inc

1905 E. 17th St., #217
Santa Ana, Ca 92701
(714)836-6543

- | | |
|---|---|
| 2) Twelve Pak Enterprises | P.O. Box 544
Pasadena, Ca 91102
(818)440-0969 |
| 3) Homeaid | 1330 S. Valley Vista Dr.
Diamond Bar, Ca 91765
(714)396-9993 |
| 4) Southern Presbyterian Homes | 1111 N. Brand Blvd., Ste 300
Glendale, Ca 91202
(818)247-0426 |
| 5) Golden State Mobilehome
Owners League, Inc. | 1479 Moreno Blvd., #B19
San Diego, Ca 92110
(619)276-1621 |
| 6) Ralph F. Currico | 18107 Hwy 173
Hesperia, Ca 92345
(619)389-2413 |
| 7) Flory, Olson & Van Osdel | 11711 Sterling Ave., Ste 13
Riverside, Ca 92503
(714)687-5484 |
| 8) County of Orange/St. Vincent De Paul | 180 Cypress
Orange, Ca 92666
(714)547-5566 |
| 9) Zucker Systems | 3911 California St.
San Diego, Ca 92110
(619)497-2297 |
| 10) Jamboree Housing Corp. | 17200 Jamboree Road, Ste O
Irvine, Ca 92714
(714)263-8676 |

In addition to these groups, there are presently two community based nonprofit housing development corporations operating in Anaheim which may have a strong interest and capacity to acquire and manage subsidized housing and other housing at risk of conversion. These groups include:

- | | |
|---|---|
| 1) Orange County Community
Housing Corporation | 1833 E. 17th St., Ste 207
Santa Ana, Ca 92701
(714)558-8161 |
| 2) Shelter for the Homeless | 8291 Westminster Blvd. Ste. 170
Westminster, Ca 92683
(714)897-3221 |

While the City of Anaheim operates its own Housing Authority and implements housing programs financed through the Anaheim Redevelopment Agency, these governmental agencies (as well as the City of Anaheim) do not currently own or operate any housing development. However, contacts with other public agencies that have an interest in acquiring and managing subsidized housing and other housing at risk of conversion will be conducted by the City.

Public Financing and Subsidy Programs

Under the provisions of the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (the Act), the owners of federal mortgage subsidized affordable housing interested in continuing to operate the housing are entitled to incentives sufficient to yield eight percent of the preservation equity of the project, limited by the federal cost limits and subject to appropriations. Incentives available include rent increases, increases in Section 8 contract rents, additional Section 8 certificates, access to excess reserves, or residual receipts, flexible subsidies, or Section 241(d) insurance for capital improvements, equity take-out loans under Section 241(f), and possible redirection of Section 236 interest reduction payment to a second mortgage. These incentives are negotiated by the owner and the U.S. Department of Housing and Urban Development and must be sufficient to cover the annual authorized return, debt service on any rehabilitation loan, debt service on the HUD mortgage, operating expenses and adequate reserves.

Owners of federal mortgage subsidized affordable housing interested in a voluntary sale to a priority purchaser, i.e., tenant council, nonprofit corporation or state/local agency, can trigger

the availability of HUD financial assistance subject to appropriations. Through this approach HUD must provide assistance sufficient to enable acquisition at a purchase price not greater than the project's preservation value, to pay the debt service on the mortgage, and debt service on any rehab loan, to meet project operating expenses and adequate reserves and to receive an adequate return on any cash investment made to acquire the project. Priority purchasers have access to the following assistance, some of which is unavailable to other qualified purchasers: 1) Insurance for financing up to 95 percent of the preservation equity under the Section 241(f) program; 2) Grants up to the present value of the total of projected published fair market rents for Section 8 existing housing for the next ten years; and 3) Reimbursement for certain transaction expenses.

The Low-Income Housing Preservation and Resident Homeownership Act of 1990 does not cover Section 8 opt-outs and expirations, and owners retain the decision whether or not to remain in the program after receiving an offer from HUD to increase the contract rents up to the Section 8 existing fair market rent.

Additional resources available to assist in preserving units at risk of conversion include the following:

1) Home Investment Partnership Act (HOME)

The City of Anaheim expects to receive \$1,437,000 for fiscal year 1992-93. To the extent permissible under federal regulations, the City is prepared to allocate a portion of this funding toward preservation of affordable units. The use of this resource would require inclusion of a program description for preservation during the fiscal year in which assistance is anticipated. This funding level is expected to continue for the five and ten-year planning period but is based on congressional and executive action and is therefore not guaranteed.

2) Community Development Block Grant (CDBG)

The City of Anaheim is an entitlement City and for fiscal year 1992-93 will receive \$2,629,000 from the federal government to implement this program. Typically, areas receiving financial assistance include housing rehabilitation; public service; neighborhood public facilities improvements; citizen participation; and administration. Given the priority established in recent legislation for the preservation of affordable housing losing subsidies and restrictions, it is fair to assume that the CDBG program will allow financing to be used

to preserve units at risk of conversion. Therefore, this funding source could be accessed to preserve units at risk. This funding source is similar to Number 1 and is an entitlement which is essentially a year-to-year allocation.

3) Rental Section 8 Certificates and Rental Vouchers

Through the City's Housing Authority with funding provided by the federal government, certificates and vouchers are provided for low income families and individuals. The Housing Authority may direct rental certificates and vouchers towards preserving units at risk of conversion.

4) Housing Set-Aside Funds

The Anaheim Redevelopment Agency operates an active Housing Set-Aside program. The annual budget is approximately \$4 million and the agency has expended its annual budget each year since the program's inception in 1989. This housing fund is an appropriate and allowable source of funds to preserve units at risk of conversion. One of the six programs established is entitled "Affordable Housing Incentives". This program, which receives approximately \$700,000 annually, could be utilized to address expiring affordable housing units.

5) Low-Income Housing Tax Credit (LIHTC)

The availability of federal and state tax credits may assist replacement housing affordability or preservation of existing housing if substantial rehabilitation takes place. The availability of this resource is dependent upon continuing legislative extensions.

6) Tax Exempt Bond Financing

The Anaheim Housing Authority as well as the County of Orange has the capacity to issue multi-family revenue bonds. The Anaheim Housing Authority has recently completed its first refunding bond issue which substantially reduced the debt service requirements for a 117 unit affordable senior citizens' apartment project.

It is anticipated that the Housing Authority and County of Orange (through pooled bond issues) will be active in utilizing this resource to offer incentives for preservation of expiring bond issue units (refunding) and as an economic incentive to replace conventional financing for other units at risk of conversion.

7) Bond Fees

The Anaheim Housing Authority provides bond administration service (monitoring of regulatory agreements) for a fee of 1/8 of 1% of the bond amount. This fee is used for staff and administrative costs as well as for affordable housing development. The current reserve is estimated at \$300,000 during FY 1992-93.

8) Section 8 Operating Reserve

The Housing Authority receives administrative funds to implement the Section 8 program. When a housing authority is well managed at an administrative cost less than the amount received from HUD, the housing authority may retain the excess amount in an operating reserve account. A minimum balance is required, but at certain times the housing authority utilizes the excess reserve for affordable housing development.

The amount available is difficult to establish given recent administrative costs incurred by the Housing Authority in moving to a new building location. As funds are available, this resource may be made available to preserve units at risk of conversion.

IV. QUANTIFIED OBJECTIVES

According to Section 65583(B), localities are required to establish in their housing elements quantified objectives for the maximum number of housing units that can be constructed, rehabilitated and conserved over a five-year time frame. The objective for units to be conserved should include a subtotal for the number of at risk units developed pursuant to Section 65583(a)(8)(A).

During the current five-year planning period, July 1989 to July 1994, no housing projects are at risk of conversion and, therefore, the number of conservation units is limited to other activities. However, during the second five-year planning period, seven projects, as listed in table 1, are at risk of converting to non-affordable housing. If all seven projects converted, 168 affordable units would be lost. It is the City's objective to retain all 168 units as affordable housing through resources and activities previously discussed. Where preservation is found to be feasible, the City will actively pursue and technically assist in retaining these affordable units.

Quantified Objectives 1989-1994

Income Group	Construct	Rehab ¹	Conserve ²
Very Low (up to 50% median income)	1,489	690	7
Low (50% - 80%)	2,044	510	16
Moderate (80% - 120%)	1,834	3,500	35
Above Moderate (over 120%)	2,865	3,500	20

- 1) The 1989 Housing Element states that 14,300 housing units in the City are in need of rehabilitation, of which 7,000 are occupied by lower income households. The City's objectives are less than the projected "need" based on availability of financial resources necessary to accommodate the rehabilitation of 14,300 housing units. Using CDBG and Redevelopment Housing Set-Aside funding it is anticipated that \$1.5 million could be expended annually for rehabilitation of very low, low and moderate income occupied units. This results in \$7,500,000 for five years. Assuming an average rehabilitation loan of \$25,000, 300 units could be rehabilitated using public resources for low and very low income occupied units. The private market may provide financing for the moderate income units in need of rehabilitation. This assistance would be provided in the form of home equity loans. This number is difficult to quantify since the City does not typically monitor this activity. The 7,000 units represents all non-low income units presented in the 1989 Housing Element with 50% allocated toward moderate and 50% toward above moderate.

In addition to CDBG and Housing Set-Aside programs, the Community Development Department will use Rental Rehabilitation funding or HOME funds from the federal government as available to accomplish substantial Rehabilitation of large apartment projects. Combined with other available resources, the rehabilitation of three major projects which include Westchester Square, Jeffrey-Lynne and South of Romneya, may result in approximately 900 units rehabilitated during the planning period and occupied by very low and low income households. Of the 900 units, 60% are allocated toward very low and 40% toward lower income households.

- 2) The units represented under the conservation column are anticipated to be conserved through the City's neighborhood preservation activities, house "move-ons" and relocations, and negotiations and agreements pertaining to condominium conversions.

V. DEVELOPMENT OF PROGRAMS FOR PRESERVATION

According to Section 65583(c)(6), the Housing Element Amendment should include or reference programs to preserve the low income use of at risk projects listed in the ten-year inventory, with specific focus on units at risk during the five-year planning period.

The 1989 Housing Element, page 48, lists housing programs by policy area 1989 - 1994. The programs currently listed which apply to preservation of assisted units include Policy Areas II and III with a new Policy Area IV added to specifically address preservation. Preservation programs under Policy Areas II and III are reprinted in the following table for ease of reference.

PROGRAMS FOR PRESERVING UNITS AT RISK OF CONVERSION

<u>POLICY AREA</u>		<u>RESPONSIBLE PROGRAMS</u>	<u>ENTITY</u>	<u>PROGRAM STATUS</u>		<u>IMPLEMENTATION TIME FRAME</u>
				<u>EXISTING</u>	<u>NEW</u>	
II.	Housing Affordability	2.11 Continue to operate and seek increases in the Section 8 or like rental subsidy program to support very low income households.	Community Development/Housing Authority	X		Ongoing
		2.16 Continue to pursue public and quasi-public resources such as State bond funds, tax-exempt mortgage revenue bonds and other relevant financing for the development of new mixed rental development including the use of tax increment set aside where appropriate.	Community Development/Housing Authority	X		Ongoing
		2.17 Review affordable housing units at risk of converting to market rate over the next 5 years. Identify funding sources to assist in the retention of these units as affordable housing.	Community Development/Housing Authority		X	Initiate study 1991-92
III.	Housing Availability	3.01 Over the course of five years implement the construction of 100 very low income affordable units in a mixed income setting, with specific emphasis on family unit development.	Community Development with support from Housing Authority, Redevelopment and non-profit housing corporations.	X		Ongoing
		3.08 Continue to provide tenant counseling, shared housing and related support services which enable tenants to effectively seek and/or retain affordable housing.	Community Development	X		
		3.12 The City maintains a current list of all affordable rental and ownership units within the City and monitors these units for compliance. The City will continue to pursue various resources both financial and regulatory to maintain the affordability of these units for the longest feasible time.	Community Development Department	X		Ongoing

Although the above listed programs provide a framework for addressing expiration of affordable housing units, the following programs are added to ensure proper attention to the units at risk of conversion:

	<u>POLICY AREA</u>		<u>RESPONSIBLE PROGRAMS</u>	<u>ENTITY</u>	<u>PROGRAM STATUS</u>		<u>IMPLEMENTATION TIME FRAME</u>
					<u>EXISTING</u>	<u>NEW</u>	
IV.	Preservation of Assisted Units	4.01	Provide the following technical assistance for units at risk of conversion to non-low income use for a ten-year planning period: evaluate legal and procedural framework for preservation; identification and monitoring of projects at risk; analysis of factors that influence an owners decision to terminate affordability controls; determination of the feasibility of an entity acquiring and preserving at risk housing; analysis of federal, state and local financial incentives to deter conversions and assist with acquisition and preservation of units at risk of conversion; work with developers, nonprofit corporations, and resident councils interested in negotiation for acquisition of units at risk of conversion.	Community Development		X	Ongoing
		4.02	Provide multi-family tax-exempt bond financing refunding to continue affordability of bond issue units at risk of expiring regulatory agreements when legally feasible.	Community Development		X	Ongoing
		4.03	Make financial resources through housing set-aside, CDBG, federal, state and local sources to preserve units at risk of conversion to non-low income use.	Community Development		X	Ongoing
		4.04	When feasible, provide for long term affordability for all new projects and renegotiated projects. Add anti-displacement provisions that allow that residents in the units at the end of the term of affordability may remain and continue under the affordable program until no longer income eligible or choose to move. This will allow for attrition of affordable units and avoid an economic hardship at the termination of affordable controls.	Community Development	X	X	Ongoing

VI. SUMMARY

The two five-year periods of analysis for the City of Anaheim's Housing Element Amendment are July 1989 - June 1994 and July 1994 - June 1999. During this time period there are no units at risk of converting to non-low income use during the first five-year period and seven (7) projects at risk during the second five-year period. Only one of the seven projects has deep affordability through the provision of 100 Section 8 certificates in connection with a 100 unit senior housing project - Village Center. The Section 8 contract renewal is due in August of 1994. It appears that there is sufficient economic incentive for the property owner to renew the contract for another five-year period given the competitiveness of market rate senior housing in Anaheim.

The other six projects consist of multi-family bond issues with expiring regulatory agreements. The current affordable rents, with the exception of West Anaheim Royale (a congregate care facility), are very close to the market rate rents due to previous tax law affordability requirements (less restrictive than current law). These units may be preserved through a bond refunding or other incentive program. Since many of these units were constructed under a county pooled bond issue, it is feasible that another pooled issue could be accomplished to refinance these projects while requiring deeper and longer term affordability.

The West Anaheim Royale project which provides congregate care to the elderly could be a significant loss to Anaheim's elderly housing stock. There appears to be a financial incentive to convert to market rate units in March of 1999. This project should be closely monitored for possible conversion, and appropriate actions taken by the City to deter conversion through the programs listed in this amendment to the Housing Element.

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